

H. R. 5641. An act to authorize the attendance of the Marine Band at the national convention of the United Spanish War Veterans to be held in Milwaukee, Wis., August 4 to 10, inclusive, 1946; and

H. R. 6407. An act authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes.

#### BILLS PRESENTED TO THE PRESIDENT

Mr. ROGERS of New York, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 541. An act authorizing and directing the Commissioners of the District of Columbia to construct two four-lane bridges to replace the existing Fourteenth Street or Highway Bridge across the Potomac River, and for other purposes;

H. R. 5356. An act to provide assistance to the Republic of China in augmenting and maintaining a Naval Establishment, and for other purposes;

H. R. 5641. An act to authorize the attendance of the Marine Band at the national convention of the United Spanish War Veterans to be held in Milwaukee, Wis., August 4 to 10, inclusive, 1946; and

H. R. 6428. An act making appropriations for the Coast Guard, Treasury Department, for the fiscal year ending June 30, 1947, and for other purposes.

#### ADJOURNMENT

Mr. BUCHANAN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; thereupon (at 5 o'clock and 48 minutes p. m.) the House, pursuant to its previous order, adjourned until tomorrow, Friday, July 12, 1946, at 10 o'clock a. m.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1455. A letter from the Assistant Secretary of Agriculture, transmitting a draft of a proposed bill to facilitate and simplify the work of the Forest Service, and for other purposes; to the Committee on Agriculture.

1456. A letter from the Acting Secretary of the Interior, transmitting a printed copy of the Forty-fifth Annual Report of the Governor of Puerto Rico for the fiscal year ended June 30, 1945; to the Committee on Insular Affairs.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. JACKSON: Committee on Indian Affairs. H. R. 2893. A bill to amend the act of February 15, 1929; with amendment (Rept. No. 2494). Referred to the House Calendar.

Mr. JACKSON: Committee on Indian Affairs. H. R. 2294. A bill to provide a uniform code of descent of trust or restricted Indian estates, and for other purposes; with amendments (Rept. No. 2495). Referred to the Committee of the Whole House on the State of the Union.

Mr. MAY: Committee on Military Affairs. H. R. 5817. A bill to provide for the appointment of additional commissioned officers in the Regular Army, and for other purposes; with amendment (Rept. No. 2496). Referred to the Committee of the Whole House on the State of the Union.

Mr. MURDOCK: Committee on Irrigation and Reclamation. H. R. 6876. A bill to au-

thorize the Secretary of the Interior to construct the Lewiston Orchards project, Idaho, in accordance with the Federal reclamation laws; with amendment (Rept. No. 2497). Referred to the Committee of the Whole House on the State of the Union.

Mr. MCKENZIE: Committee on the Post Office and Post Roads. H. R. 6970. A bill to provide for an air parcel post service, and for other purposes; without amendment (Rept. No. 2498). Referred to the Committee of the Whole House on the State of the Union.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. PITTENGER: Committee on Claims. H. R. 6231. A bill for the relief of Frank A. Gorman; with amendments (Rept. No. 2492). Referred to the Committee of the Whole House.

Mr. JACKSON: Committee on Indian Affairs. H. R. 4114. A bill to authorize the Secretary of the Interior to sell certain land of Alice Scott White on the Crow Indian Reservation, Mont.; with amendment (Rept. No. 2493). Referred to the Committee of the Whole House.

Mr. MORRISON: Committee on Claims. H. R. 5393. A bill for the relief of Walter J. Barnes Electric Co. and Maritime Electric Co., Inc.; without amendment (Rept. No. 2499). Referred to the Committee of the Whole House.

Mr. COMBS: Committee on Claims. H. R. 6536. A bill for the relief of Southeastern Sand & Gravel Co.; without amendment (Rept. No. 2500). Referred to the Committee of the Whole House.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SMITH of Virginia:

H. R. 7003. A bill to authorize the Secretary of War to permit the delivery of water from the Washington Aqueduct pumping station to the Falls Church water supply system; to the Committee on Military Affairs.

By Mr. CASE of South Dakota:

H. R. 7004. A bill to revise the boundaries of Wind Cave National Park, in the State of South Dakota, and for other purposes; to the Committee on the Public Lands.

By Mr. GORSKI:

H. R. 7005. A bill to authorize relief in certain cases where work, supplies, or services have been furnished for the Government under contracts during the war; to the Committee on the Judiciary.

By Mr. HERTER:

H. R. 7006. A bill to provide compensation for excess hours of work by employees of the United States Employment Service; to the Committee on the Civil Service.

By Mr. LANE:

H. R. 7007. A bill to authorize relief in certain cases where supplies or services have been furnished for the Government during the war; to the Committee on the Judiciary.

By Mr. VOORHIS of California:

H. R. 7008. A bill to amend sections 112 and 113 of the Internal Revenue Code; to the Committee on Ways and Means.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. GWINN of New York:

H. R. 7009. A bill for the relief of Frances Monfort; to the Committee on Immigration and Naturalization.

H. R. 7010. A bill for the relief of Jack Cebamanos Monfort; to the Committee on Immigration and Naturalization.

By Mr. JOHNSON of California:

H. R. 7011. A bill for the relief of Delbert Tucker; to the Committee on Claims.

H. R. 7012. A bill for the relief of Raymond A. Weisner; to the Committee on Claims.

By Mr. MORRISON:

H. R. 7013. A bill for the relief of Mrs. Stella Davis Foster; to the Committee on Pensions.

By Mr. O'TOOLE:

H. R. 7014. A bill for the relief of Abilio Pinto; to the Committee on Immigration and Naturalization.

By Mr. SIKES:

H. R. 7015. A bill for the relief of J. Rutledge Alford; to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2031. By Mr. BUCK: Petition of residents of Richmond County, N. Y., opposing the enactment of any and all prohibition legislation, and protesting against amendment 15 to War Food Order 66, curtailing the use of grain by breweries; to the Committee on the Judiciary.

2082. By Mr. HAYS: Petition of Mrs. Richard Nelson, 500 East Ninth Street, Little Rock, Ark., and 86 other citizens of said city, expressing approval of House Joint Resolution 325, by Mr. VOORHIS of California, empowering the President and the Secretary of Agriculture to prohibit the use of grain for non-essential purpose during the present food shortage; to the Committee on Agriculture.

2083. By Mr. LUTHER A. JOHNSON: Petition of Mr. R. L. Bunting, county school superintendent, San Marcos, Tex., favoring House bill 5742; to the Committee on Education.

2084. By Mr. LARCADE: Memorial of the Senate of the State of Louisiana, memorializing the Congress to place at the disposal of the men of science of this country all the funds which may be necessary to study the causes of cancer and to arrive at the methods necessary for the prevention, cure, and control of cancer; to the Committee on Interstate and Foreign Commerce.

## SENATE

FRIDAY, JULY 12, 1946

(Legislative day of Friday, July 5, 1946)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. Hunter M. Lewis, B. D., assistant minister, Church of the Epiphany, Washington, D. C., offered the following prayer:

Almighty God, source of all intellect, fountain of all wisdom, who hast taught us in Thy Holy Word to love Thee with all our heart, and with all our soul, and with all our mind: We, who in this generation have served Thee with our minds, wresting from nature more of Thy wisdom than the world has ever known, beseech Thee to grant us grace to serve Thee likewise with our hearts, by using this wisdom, not for destruction, but for the benefit of all mankind in the arts of peace; and so to consecrate our souls to Thee, that the power which comes from such knowledge and wisdom may become the power of creative love in the rebuilding of our world to Thy honor and glory.

We beseech Thee to bestow upon the people of America clarity of mind to cope

with present problems, in particular asking Thy blessing upon these Thy servants now assembled to take counsel for our Nation, that their deliberations, inspired of Thee, may reach decisions fraught with Thy wisdom. In the midst of many voices, may Thy voice yet be heard; and in the face of many wills, may Thy will yet be done. Through Jesus Christ our Lord. Amen.

#### THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, July 11, 1946, was dispensed with, and the Journal was approved.

#### MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that the President had approved and signed the following acts and joint resolution:

On July 11, 1946:

S. 438. An act authorizing the Secretary of the Interior to partition certain lands in Cleveland County, Okla., and for other purposes;

S. 933. An act for the relief of the estate of Sybel Spence;

S. 1979. An act to eliminate the restriction on the number of lots which may be acquired by settlers in the town site of Wadsworth, Nev.;

S. 1988. An act to authorize the Secretary of the Interior to quitclaim to the heirs of Jesus Gonzales all right, title, and interest of the United States in a certain described tract of land within the Carson National Forest, N. Mex.; and

S. J. Res. 160. Joint resolution to amend the act of March 22, 1946, for the purpose of correcting the description of the small parcel of land authorized to be conveyed to the State of Wyoming by such act.

On July 12, 1946:

S. 1569. An act for the relief of Gwynn C. Triplett, and for other purposes.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had receded from its disagreement to the amendments of the Senate numbered 27 and 28 to the bill (H. R. 6837) making appropriations for the Military Establishment for the fiscal year ending June 30, 1947, and for other purposes, and concurred therein, each with an amendment in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to a concurrent resolution (H. Con. Res. 161) providing for the compiling, printing, and binding of the address of the Honorable John G. Winant and other proceedings in commemoration of the life, character, and public services of the late President Franklin D. Roosevelt, in which it requested the concurrence of the Senate.

#### ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on July 11, 1946, he presented to the President of the United States the following enrolled bills:

S. 752. An act to amend the act of June 7, 1939 (53 Stat. 811), as amended, relating to

the acquisition of stocks of strategic and critical materials for national defense purposes; and

S. 1746. An act to govern distribution of war trophies and devices.

#### EXEMPTION OF CERTAIN INTERNS, ETC., OF GOVERNMENT HOSPITALS FROM CLASSIFICATION ACT

The PRESIDENT pro tempore laid before the Senate a letter from the Administrator of the Federal Security Agency, transmitting a draft of proposed legislation to exempt certain interns, student nurses, and other student employees of hospitals of the Federal Government from the Classification Act, and other laws relating to compensation and benefits of Federal employees, which, with the accompanying paper, was referred to the Committee on Civil Service.

#### PETITIONS

Petitions, etc., were laid before the Senate and referred as indicated:

By the PRESIDENT pro tempore:

Letters and a telegram, in the nature of petitions, from several citizens of the United States, praying for the enactment of House bill 4051, granting to enlisted personnel of the armed forces certain benefits in lieu of accumulated leave; ordered to lie on the table.

A telegram in the nature of a petition from Mrs. J. A. Armstead, of Galveston, Tex., relating to rent controls by the Office of Price Administration; ordered to lie on the table.

#### REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. JOHNSON of Colorado, from the Committee on Finance:

H. R. 6371. A bill to amend certain provisions of the National Service Life Insurance Act of 1940, as amended, and for other purposes; with an amendment (Rept. No. 1705).

By Mr. OVERTON, from the Committee on Commerce:

S. 2383. A bill to extend the times for commencing and completing the construction of a toll bridge across the St. Louis River between the States of Minnesota and Wisconsin, and for other purposes; without amendment (Rept. No. 1703).

By Mr. FULBRIGHT, from the Committee on Public Buildings and Grounds:

S. 2220. A bill to authorize the United States Park Police to make arrests within Federal reservations in the environs of the District of Columbia; without amendment (Rept. No. 1707).

By Mr. McKELLAR, from the Committee on Appropriations:

H. R. 6885. A bill making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1946, to provide appropriations for the fiscal year ending June 30, 1947, and for other purposes; with amendments (Rept. No. 1708).

By Mr. GREEN, from the Committee on Public Buildings and Grounds:

S. 2405. A bill to define the area of the United States Capitol Grounds, to regulate the use thereof, and for other purposes; with amendments (Rept. No. 1709).

By Mr. BARKLEY, from the Committee on Interstate Commerce:

H. R. 1362. A bill to amend the Railroad Retirement Acts, the Railroad Unemployment Insurance Act, and subchapter B of chapter 9 of the Internal Revenue Code; and for other purposes; without amendment (Rept. No. 1710).

H. R. 3420. A bill to provide for refunds to railroad employees in certain cases, so as to place the various States on an equal basis,

under the Railroad Unemployment Insurance Act, with respect to contributions of employees; without amendment (Rept. No. 1711).

By Mr. HAYDEN, from the Committee on Territories and Insular Affairs:

H. R. 6486. A bill to authorize an appropriation for the establishment of a geophysical institute at the University of Alaska; without amendment (Rept. No. 1712).

#### BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. RUSSELL:

S. 2431. A bill to provide for the furnishing of quarters at Brunswick, Ga., for the United States District Court for the Southern District of Georgia; to the Committee on the Judiciary.

By Mr. THOMAS of Utah:

S. 2432. A bill to enable the Department of State more effectively to carry out its responsibilities in the foreign field by means of (a) public dissemination abroad of information about the United States, its people and its policies, and (b) promotion of the interchange of persons, knowledge, and skills between the people of the United States and the peoples of other countries; to the Committee on Foreign Relations.

By Mr. WILSON:

S. 2433. A bill to amend section 47d of the National Defense Act, as amended, so as to provide for the participation of persons enrolled for training in civilian military training camps in encampments, maneuvers, or other exercises of units of the National Guard; to the Committee on Military Affairs.

By Mr. MCCARRAN:

S. J. Res. 176. Joint resolution to authorize the President to deposit, in behalf of the United States with the Secretary-General of the United Nations, a declaration pursuant to paragraph 2 of article 36 of the Statute of the International Court of Justice; to the Committee on Foreign Relations.

#### DECLARATION RELATIVE TO INTERNATIONAL COURT OF JUSTICE

Mr. MCCARRAN submitted the following resolution (S. Res. 303), which was referred to the Committee on Foreign Relations:

*Resolved*, That the President is authorized to deposit, in behalf of the United States, with the Secretary General of the United Nations a declaration, pursuant to paragraph 2 of article 36 of the Statute of the International Court of Justice, recognizing as compulsory ipso facto as to the United States, and without special agreement, in relation to any other state accepting the same obligations, the jurisdiction of the Court in all legal disputes hereafter arising of an international character concerning the matters enumerated in article 36; such declaration to be valid for a period of 5 years, and thereafter for a period of 6 months after like deposit of a notice of termination thereof.

#### NOTICE OF MOTION TO SUSPEND THE RULE—AMENDMENT TO THIRD DEFICIENCY APPROPRIATION BILL

Mr. CORDON submitted the following notice in writing:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 6885) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1946, to provide appropriations for the fiscal year



ending June 30, 1947, and for other purposes, the following amendment, namely: At the proper place in the bill insert the following:

"Notwithstanding any other provision of law, the Commodity Credit Corporation is authorized to purchase surplus potatoes produced during the year 1946 and to process and sell, give or otherwise dispose of such potatoes to any foreign country or to the United Nations Relief and Rehabilitation Administration for the relief of hungry people."

Mr. CORDON submitted an amendment intended to be proposed by him to House bill 6885, the third deficiency appropriation bill, which was ordered to lie on the table and to be printed.

(For text of amendment referred to, see the foregoing notice.)

#### EXTENSION OF PRICE CONTROL—MODIFICATION OF AN AMENDMENT

Mr. WHERRY. Mr. President, I desire to modify the amendment which I submitted yesterday on behalf of myself and the Senator from Iowa [Mr. WILSON] by inserting, after the word "margins", in line 4, the words "or mark-ups", so that the amendment will read:

(t) No maximum price shall be established or maintained for any commodity below the level necessary to afford distributors, wholesalers, retailers, and others dealing therein the margins or mark-ups (including discounts) in effect thereon in the calendar year 1940.

The PRESIDENT pro tempore. The Senator has a right to modify the amendment at any time, and, of course, the amendment is modified as requested.

#### CALL OF THE ROLL

Mr. WILEY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Hart	O'Mahoney
Austin	Hawkes	Overton
Ball	Hayden	Pepper
Barkley	Hill	Radcliffe
Bridges	Hoey	Reed
Briggs	Huffman	Revercomb
Brooks	Johnson, Colo.	Robertson
Buck	Johnston, S. C.	Russell
Burch	Kilgore	Smith
Bushfield	Knowland	Stanfill
Byrd	La Follette	Stewart
Capehart	Langer	Swift
Capper	Lucas	Taft
Carville	McCarran	Taylor
Chavez	McClellan	Thomas, Okla.
Cordon	McKellar	Thomas, Utah
Donnell	McMahon	Tobey
Downey	Magnuson	Tunnell
Eastland	Mead	Wagner
Ferguson	Millikin	Walsh
Fulbright	Mitchell	Wherry
George	Moore	White
Gerry	Morse	Wiley
Gossett	Murdock	Wilson
Green	Murray	Young
Guffey	Myers	
Gurney	O'Daniel	

Mr. HILL. I announce that the Senator from Florida [Mr. ANDREWS] and the Senator from North Carolina [Mr. BAILEY] are absent because of illness.

The Senator from South Carolina [Mr. MAYBANK] and the Senator from Montana [Mr. WHEELER] are absent by leave of the Senate.

The Senator from Mississippi [Mr. BILBO] and the Senator from Arizona [Mr. McFARLAND] are detained on public business.

The Senator from New Mexico [Mr. HATCH] is absent on official business, having been appointed a member of the President's Evaluation Commission in connection with the test of atomic bombs on naval vessels at Bikini.

The Senator from Louisiana [Mr. ELLENDER] and the Senator from Maryland [Mr. TYDINGS] are absent on official business, having been appointed to the commission on the part of the Senate to participate in the Philippine independence ceremonies.

The Senator from Texas [Mr. CONNALLY] is absent on official business, attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State.

Mr. WHERRY. The Senator from Michigan [Mr. VANDENBERG] is absent on official business, attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State.

The Senator from Massachusetts [Mr. SALTONSTALL] is absent on official business, having been appointed a member of the President's Evaluation Commission in connection with the test of atomic bombs on naval vessels at Bikini.

The Senator from Iowa [Mr. HICKENLOOPER] is absent by leave of the Senate on official business as a member of the Special Committee on Atomic Energy.

The Senator from Maine [Mr. BREWSTER] and the Senator from Nebraska [Mr. BUTLER] are absent on official business, being members of the commission appointed to attend the Philippine independence ceremonies.

The Senator from Minnesota [Mr. SHIPSTEAD] is absent by leave of the Senate.

The Senator from Indiana [Mr. WILLIS] is necessarily absent.

The PRESIDING OFFICER (Mr. STEWART in the chair). Seventy-nine Senators having answered to their names, a quorum is present.

#### THE LEGISLATIVE PROGRAM

Mr. BARKLEY. Mr. President, I am informed that the Senator from Wisconsin [Mr. WILEY] intends to move to proceed with the consideration of the reorganization plan, which would set aside the consideration of the pending joint resolution. If made, the motion will not be debatable, and I wish to say just a word about it.

I think the chances are excellent that we will dispose of the pending measure today. There will be a session of the Senate tomorrow, and a session on Monday. I hope that if the motion is made it will be voted down, and that we may finish the consideration of the pending joint resolution before taking up anything else.

Mr. WHITE. Mr. President, will the Senator from Kentucky yield?

Mr. BARKLEY. I yield.

Mr. WHITE. I wish to associate myself with the views expressed by the majority leader. I cannot think at the moment of anything sufficiently important to justify the interruption of the consideration of the price-control joint resolution. I think we should in good conscience come to some conclusion about it, and have that conclusion final-

ly registered by the Senate before any other measures are taken up.

Mr. MOORE. Mr. President, will the Senator from Kentucky yield?

Mr. BARKLEY. I yield.

Mr. MOORE. I merely wish to say that the price-control debate can go on, it has no dead-line date, but the reorganization plan has a dead-line date, and there is a possibility that the price-control measure will have to be laid aside.

Mr. BARKLEY. If Senators are willing to cooperate—

Mr. DONNELL. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. DONNELL. The motion which is being referred to is not debatable, and I take it that by no prior reference can the motion be debated.

The PRESIDING OFFICER. The motion has not been made.

Mr. BARKLEY. A motion which is not debatable may be discussed before it is made. We can talk about anything before a motion concerning it is made.

Mr. MAGNUSON. Mr. President, will the Senator from Kentucky yield?

Mr. BARKLEY. I yield for a question.

Mr. MAGNUSON. Am I correct in understanding that the dead-line date on the so-called reorganization concurrent resolution is Monday at midnight?

Mr. BARKLEY. That is what I understand.

Mr. MAGNUSON. It would be possible, then, if we finished the OPA measure this week, that those of us who may have something to say about reorganization could take it up on Monday. Is not that correct?

Mr. BARKLEY. It can be taken up at any time before midnight Monday night. I have no disposition to delay consideration of that matter. It is not for the purpose of delaying consideration of it, or taking any advantage of a dead line, but in order that we may proceed in an orderly way on the measure we now have before us, that I have felt at liberty to make this statement before the motion is made.

Mr. MAGNUSON. Is it also correct that on tomorrow or Monday any motion to bring up any one of the reorganization plans, if we should finish consideration of the OPA measure, would be a privileged question?

Mr. BARKLEY. That is correct.

Mr. MAGNUSON. And would be considered immediately?

Mr. BARKLEY. That is also correct.

#### LABOR-FEDERAL SECURITY APPROPRIATIONS—CONFERENCE REPORT

Mr. McCARRAN submitted the following conference report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6739) making appropriations for the Department of Labor, the Federal Security Agency, and related independent agencies, for the fiscal year ending June 30, 1947, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 32.

That the House recede from its disagreement to the amendments of the Senate

numbered 19, 20, 20½, 22, 23, 24, 25, 28, 31, 33, 36, 40, 41, 42, and 43, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "900,000"; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$953,000"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$711,316"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$3,154,007"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$653,596"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$4,907,793"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$3,081,827"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$840,000"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$477,535"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$834,650"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by said amendment insert "60"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$3,335,000"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$123,500"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$1,157,000"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amend-

ment of the Senate numbered 26, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by said amendment insert "fifteen"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$1,931,625"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$3,448,162"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$2,972,000"; and the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$279,617"; and the Senate agree to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$615,765"; and the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$950,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 10, 11, 12, 13, 14, 38, 38½, and 39.

PAT McCARRAN,  
KENNETH MCKELLAR,  
RICHARD B. RUSSELL,  
ABE MURDOCK,  
JAS. M. MEAD,  
JOSEPH H. BALL,  
WALLACE H. WHITE, Jr.,  
STYLES BRIDGES,

*Managers on the Part of the Senate.*

BUTLER B. HARE,  
MALCOLM C. TARVER,  
M. M. NEELY,  
FRANK B. KEEFE,  
H. CARL ANDERSEN,

*Managers on the Part of the House.*

Mr. McCARRAN. Mr. President, I ask unanimous consent for the present consideration of the conference report.

There being no objection, the Senate proceeded to consider the report.

Mr. McCARRAN. I move that the conference report be agreed to.

Mr. MURDOCK. Mr. President, is this the conference report containing the amendment of the Senate relative to House action known as the Elliott rider?

Mr. McCARRAN. No. I shall bring that up presently and make a motion about it.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 6739, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,

July 11, 1946.

*Resolved*, That the House recede from its disagreement to the amendment of the Senate numbered 38 of the bill (H. R. 6739) making appropriations for the Department of Labor, the Federal Security Agency, and related independent agencies, for the fiscal year ending June 30, 1947, and for other purposes, and concur therein;

That the House recede from its disagreement to the amendment of the Senate numbered 10, to said bill, and concur therein with an amendment as follows: In lieu of the sum inserted by said amendment insert "\$46,875."

That the House recede from its disagreement to the amendment of the Senate numbered 11, to said bill, and concur therein with an amendment as follows: In lieu of the sum inserted by said amendment insert "\$671,415."

That the House recede from its disagreement to the amendment of the Senate numbered 12, to said bill, and concur therein with an amendment as follows: In lieu of the sum inserted by said amendment insert "\$25,693,875."

That the House recede from its disagreement to the amendment of the Senate numbered 13, to said bill, and concur therein with an amendment as follows: In lieu of the figure "\$45,258,500" contained in said amendment insert "\$36,693,875."

That the House recede from its disagreement to the amendment of the Senate numbered 14 to said bill and concur therein with an amendment as follows: In lieu of the matter stricken out and inserted by said amendment insert:

"GRANTS TO STATES FOR PUBLIC EMPLOYMENT OFFICES

"For grants to the several States (including Alaska and Hawaii), beginning November 16, 1946, in accordance with the provisions of the act of June 6, 1933, as amended (29 U. S. C. 49-49i), and for carrying into effect section 602 of the Servicemen's Readjustment Act of 1944, including, upon the request of any State, the payment of rental for space made available to such State in lieu of grants for such purpose, \$42,823,125, of which \$360,625 shall be available to the United States Employment Service for all necessary expenses, including personal services, in connection with the operation of employment office facilities and services in the District of Columbia: *Provided*, That no State shall be required to make any appropriation as provided in section 5 (a) of said act of June 6, 1933, as amended, prior to July 1, 1943: *Provided further*, That notwithstanding the provisions of section 5 (a) and section 6 of the act of June 6, 1933, as amended, the Secretary of Labor shall from time to time certify to the Secretary of the Treasury for payment to each State found to be in compliance with the requirements of the act of June 6, 1933, as amended, such amounts as he determines to be necessary for the proper and efficient administration of its public employment offices.

"On November 15, 1946, the Secretary of Labor shall transfer, to the State agency in each State designated under section 4 of the act of Congress, approved June 6, 1933, as amended, as the agency to administer the State-wide system of public employment offices in cooperation with the United States Employment Service under said act, the operation of State and local public employment office facilities and properties which were transferred by such State to the Federal Government in 1942 to promote the national war effort. The Secretary of Labor shall, on request of the State agency, also provide for the transfer and assignment to such State, without reimbursement therefor, of any other public employment office facilities and properties within such State, including records, files, and office equipment: *Provided*,



That as a condition to such transfer and assignment of Federal properties, the Secretary may require the recipient State to waive any claim which may then exist or thereafter arise out of the use made by the Federal Government of, or for the loss of or damage to, property and facilities transferred to the Federal Government as hereinabove described.

"The Secretary of Labor may withhold or deny certifications of funds for a State system of public employment offices unless he finds that the State—

"(1) (a) has made provision for the transfer to and retention in the State-wide system of public employment offices of employees of the Federal Government who (on the effective date of this act) were employed in State or local employment-service functions in such State, in the positions occupied by them under the Federal service or in reasonably comparable positions, except that individuals so transferred may be separated or terminated for good cause as determined in individual cases under the applicable State merit system, or separated or terminated under the applicable State merit system by reason of reductions in force found necessary in the interests of efficient operations, and may be separated (A) if they have failed to acquire eligibility to be certified for appointment superior to that of any war veteran competing for the same appointment in the State-wide system of public employment offices under the State merit system in the positions occupied by them under the Federal service or in reasonably comparable positions, after having been given a reasonable opportunity to acquire such eligibility, or (B) if the Secretary has determined that it is impossible for them to be given an opportunity to acquire such eligibility because of State constitutional or statutory provisions in force on the effective date of this act; and (b) has made provision for the extension to employees of the Federal Government who left employment-service positions in such State in order to perform training and service in the land or naval forces of the United States or service in the merchant marine as defined in Public Law No. 87, Seventy-eighth Congress, of the same employment rights and privileges as those provided for Federal employees transferring to State employment in accordance with the provisions of this paragraph; or

"(2) has requested the detail of such employees to the State agency under the following provisions: So much of the funds appropriated for State-wide systems of public employment offices as may be necessary shall be available to the Secretary of Labor, in lieu of any portion of the grant to the State, for the payment of compensation (under the salary scales applicable to such employees prior to the effective date of this act) to employees of the United States Employment Service in the Department of Labor, who, upon the request of the State, and for the purpose of permitting continuity in their employment pending an opportunity to acquire eligibility for State employment in accordance with clause (1) (a) of this paragraph, may be detailed by the Secretary of Labor to the State agency for service in the State-wide system of public employment offices.

"Notwithstanding any other provisions of the Civil Service Retirement Act, approved May 29, 1930, as amended, any person who was appointed to a position in the Social Security Board under Executive Order 8990 of December 23, 1941, and who shall have returned to employment with the State at any time prior to the end of 1 year after the return to State operation of the employment offices in such State, shall, if he so elects, be paid a refund of the total amount of his deductions and deposits under said act, together with interest to the date of termination of his service with the Federal Government; and such person shall not receive any annuity benefits under said

act based on the service covered by the refund unless he is subsequently reinstated, retransferred, or reappointed to a position coming within the purview of said act and redeposits all moneys, except voluntary contributions, so refunded to him, together with interest at 4 percent compounded on December 31 of each year, except that interest shall not be required covering any period of separation from the service.

"In carrying out the provisions under this heading, the Secretary shall assure that each State agency operates under such methods of administration relating to the establishment and maintenance of personnel standards on a merit basis, as are found by the Secretary to be necessary to carry out the purposes of this heading, and such methods shall not deviate from, and shall be consistent with, the methods required pursuant to section 303 (a) (1) of the Social Security Act, as amended.

"Whenever funds are paid to the same State agency under this heading and title III of the Social Security Act, as amended, (1) such State agency may, if it so elects, submit to the Secretary and the Social Security Board a joint budget covering both the functions for which grants are made under this heading and the functions for which grants are made under such title III; in such a case, the Secretary of Labor shall, if the State agency so elects, certify to the Social Security Board the amounts to be paid to the State under this heading and upon receipt of such certification, the Social Security Board shall certify such amounts to the Secretary of the Treasury, in addition to the amount, if any, payable by said Board under the provisions of section 302 (a) of the Social Security Act, as amended. Any additional amounts so certified by the Social Security Board shall be paid to the State by the Secretary of the Treasury out of the appropriation herein made available; and (2) the State agency may commingle such funds and account therefor by such accounting, statistical, sampling, or other methods as may be found by the Secretary of Labor and the Social Security Board, respectively, to afford reasonable assurance that the funds paid to the State agency under this heading and the funds paid to the State agency under title III of the Social Security Act, as amended, are expended for the respective purposes of this heading and of such title III."

That the House recede from its disagreement to the amendment of the Senate No. 38½, to said bill, and concur therein with an amendment as follows: Immediately following "(b) for" in the matter inserted by said amendment insert "temporary aid to and"; and in lieu of the sum "\$5,495,000" contained in said amendment insert "\$4,750,000."

That the House insist upon its disagreement to the amendment of the Senate No. 39 to said bill.

Mr. BALL subsequently said: Mr. President, I was not present in the Chamber when action was taken on the Senate amendment numbered 14, dealing with the United States Employment Service, and I ask that the statement I shall now make may appear in the RECORD preceding the adoption of the motion made by the Senator from Nevada that the Senate concur in the amendment of the House to Senate amendment numbered 14.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BALL. Mr. President, the House and Senate conferees found a middle ground on the transfer of the employment service back to the States, by which virtually all the Senate provisions in the bill relating directly to the transfer were retained. Where the House provided for

the transfer on October 1 and the Senate on January 1, we compromised, providing that the employment services be turned back to the States on November 15, 1946, and divided up the appropriation accordingly.

We adopted the House language providing that under the Wagner-Peyser Act the section requiring State matching of Federal grants would not be applicable. We also adopted language which permits the Secretary to allocate the funds on the basis of what is needed in a given State to operate efficiently a service, rather than on the basis of population, as was required by the Wagner-Peyser Act.

There is a provision permitting the transfer back to the States of property and records which the Federal Government now owns.

The Senate provision authorizing Federal employees in the State services to draw out at once all of their payments into the Federal retirement fund, even though they may have worked for the Federal Government more than 5 years, also was adopted. That was necessary because those employees will be going back to a State system, many of them joining a State retirement system under which they will have to make back contributions, and they need those funds.

We also adopted language requiring the States to operate under the merit system. That was necessary because the merit requirement was in title III of the Social Security Act, and not in the Wagner-Peyser Act; and since we are directing the States to operate under the Wagner-Peyser Act, the addition of that language was necessary.

We also adopted the Senate language permitting the States, if they so desire, to submit to the Social Security Board and the Secretary of Labor a joint budget for unemployment compensation and the employment service, and then to commingle the funds and account for them as one fund. That is in the interest of economy and efficiency.

Most important of all, we adopted largely the Senate language on the transfer of employees who have come into the Service in the various States since it was taken over by the Federal Government on January 1, 1942. Those are largely the provisions which were contained in title III of House bill 4437, which the Senate passed some time ago, and which is designed to give the employees who have joined the Service since January 1, 1942, some degree of protection in the interest of continuity of service.

The conferees agreed on this statement as an interpretation of the language:

The interpretation by the conferees of the language used in the amendment providing for the transfer of the United States Employment Service to the States is that all persons employed in the Service on the date of the passage of this act will be transferred pending their permanent employment or release under the provisions of the State merit system, it being understood that preference rights of returning veterans will be recognized in a manner similar to that accorded by Federal statutes.

That is not, of course, a complete statement of what the provisions do, and

I should like to run over them briefly. They read as follows:

The Secretary of Labor may withhold—

The word originally was "shall." The Senate changed it to "may"—

The Secretary of Labor may withhold or deny certifications of funds for a State system of public employment offices unless he find that the State—

(1) (a) has made provision for the transfer to and retention in the State-wide system of public employment offices of employees of the Federal Government who (on the effective date of this act)—

That is a change. In the Senate version it was on the day before the transfer. The amendment agreed to provides for giving this protection only to employees who are employed on the effective date of the act—

were employed in State or local employment service functions in such State, in the positions occupied by them under the Federal service or in reasonably comparable positions, except that individuals so transferred may be separated or terminated for good cause as determined in individual cases under the applicable State merit system, or separated or terminated under the applicable State merit system by reason of reductions in force found necessary in the interests of efficient operations, and may be separated (A) if they have failed to acquire eligibility to be certified for appointment superior to that of any war veteran competing for the same appointment in the State-wide system of public employment offices under the State merit system in the positions occupied by them under the Federal service or in reasonably comparable positions, after having been given a reasonable opportunity to acquire such eligibility.

The conferees spent considerable time in discussing that particular provision. The only new language inserted in the Senate version is the words "to be certified for appointment," so as to read "acquire eligibility to be certified for appointment." That was done in line with the intent of the Senate in adopting the previous language. Our interpretation of the Senate language was that we were, in effect, requiring, first, that the States transfer temporarily Federal employees and keep them in the same or comparable positions until they had had a reasonable opportunity to acquire status under the State merit system; and, secondly, if in the competitive examination which they would take under the State merit system they passed the examination high enough so that they were among the top three or five certified for appointment, then they must be retained in their jobs unless a war veteran acquired a superior eligibility for appointment. That is the effect of the language in this bill, which I think is very clear.

The provision continues:

Or (B) if the Secretary has determined that it is impossible for them to be given an opportunity to acquire such eligibility because of State constitutional or statutory provisions in force on the effective date of this act.

That is simply to take care of a few States which have a residence requirement which may prevent their giving Federal employees this particular protection.

I ask unanimous consent that the remainder of the provision relating to

transfer of employees be printed in the RECORD at this point as a part of my remarks.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

And (b) has made provision for the extension to employees of the Federal Government who left employment-service positions in such State in order to perform training and service in the land or naval forces of the United States or service in the merchant marine as defined in Public Law No. 87, Seventy-eighth Congress, of the same employment rights and privileges as those provided for Federal employees transferring to State employment in accordance with the provisions of this paragraph; or

(2) has requested the detail of such employees to the State agency under the following provisions: So much of the funds appropriated for State-wide systems of public employment offices as may be necessary shall be available to the Secretary of Labor, in lieu of any portion of the grant to the State, for the payment of compensation (under the salary scales applicable to such employees prior to the effective date of this act) to employees of the United States Employment Service in the Department of Labor, who, upon the request of the State, and for the purpose of permitting continuity in their employment pending an opportunity to acquire eligibility for State employment in accordance with clause (1) (a) of this paragraph, may be detailed by the Secretary of Labor to the State agency for service in the State-wide system of public employment offices.

Mr. McCARRAN. I move that the Senate concur in the amendments of the House to the amendments of the Senate numbered 10, 11, 12, 13, 14, and 38½.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Nevada.

The motion was agreed to.

Mr. McCARRAN. I now move that the Senate recede from its amendment numbered 39. That is the matter in which the Senator from Utah [Mr. MURDOCK] is interested. Other Senators may also be interested in it. It is the so-called Elliott amendment. Let me say that the Elliott amendment was put in the bill in the House, and when it came to the Senate, the Senate subcommittee, the full Committee on Appropriations and the Senate itself, refused to go along with the House on that amendment. The matter went to conference. The Senate conferees refused to recede. The amendment was taken to the House and by an overwhelming vote the House voted to sustain the position taken by it in the first instance.

The amendment has to do with the application of the Wagner Labor Relations Act to a certain group of employees who work in packing houses, that is crating houses and sheds where agricultural commodities are first packed for shipment; not in processing houses or in processing facilities, but rather where, for instance, lettuce is brought in from the field and is first crated. The employees engaged in that line of work would be excepted under the House language.

By authority from a majority of the conferees on the part of the Senate, I now move that the Senate recede from its amendment numbered 39.

Mr. MURDOCK. Mr. President, by the adoption of the Elliott amendment Congress will again be resorting to the practice which in my opinion is being resorted to all too frequently, of legislating by a legislative rider on an appropriation bill. The House of Representatives, by its rules, condemns the practice and the Senate by its rules forbids the practice of legislating by attaching riders to appropriation bills. We hear a great many statements on the floor of the Senate criticizing this practice.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. MURDOCK. I yield.

Mr. WHERRY. Will the Senator explain what the issues are? Some Senators are not yet advised as to what the issues are. We do not understand what the rider is.

Mr. MURDOCK. I shall be glad to explain it before I complete my statement.

Mr. WHERRY. I should like to know what the issues are so we can understand the discussion that is taking place.

Mr. McCARRAN. Mr. President, I have just turned over to the Senator from Michigan [Mr. FERGUSON] a copy of the language, and I ask him now to read it so the Senate may be advised.

The PRESIDING OFFICER. The Senator from Utah has the floor.

Mr. MURDOCK. I have the floor, Mr. President. And should have something to say about the disposition of my time.

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Michigan?

Mr. MURDOCK. I am perfectly willing to yield to the Senator from Michigan to read the amendment.

Mr. FERGUSON. Mr. President, the provision which is now being discussed, which was placed in the bill by the House, and with respect to which it has been moved that the Senate recede—and I do not favor that motion—is as follows:

*Provided further*, That no part of the funds appropriated in this title shall be used in connection with investigation, hearings, directives, or orders concerning bargaining units composed in whole or in part of agricultural laborers as that term is defined in the Social Security Act in section 409, title 42, United States Code.

Mr. MURDOCK. Mr. President, I was saying that we hear speech after speech on the floor of the Senate condemning this type of legislative procedure. We heard such a speech the other day from one of our most distinguished Members, the distinguished senior Senator from Georgia, who told us that he was opposed to it and that it should be discontinued, and I think as the result of his opposition at that time, certain proposed legislation was defeated which otherwise would have been attached as a rider to an appropriation bill.

I think this language we are considering today was drawn in such technical form that it was not subject to a point of order on the floor of the House. Nevertheless its intent and effect are equally wrong. It is this wrongful and irregular procedure that I am calling to the Senate's attention. The rider provides that certain groups of labor throughout the United States, which now have the protection of the National Labor Relations



Act and the National Labor Relations Board, shall be denied that protection and their legal right of resorting to that act and to that Board to remedy and redress injustice.

The same thing was attempted, Mr. President, either a year ago or 2 years ago by the House with reference to the War Labor Board. The Senate refused to go along with the House in that action, and voted it out, and the House finally agreed with the position taken by the Senate.

Now we find the attempt being made again to deprive this group of over 100,000 laborers of the only remedy they have and to prevent resort by them to the only agency of Government they can go to for the protection of their rights as provided in the National Labor Relations Act. The amendment, if it is adopted, will change the definition of agricultural labor, as it has been defined by the courts of the United States under labor legislation, and will define it according to the Social Security Act.

Mr. President, when the only remedy that group of labor has under the laws of the country is taken away from them, what is the result? They are left with only one alternative, and that is to strike in order to get a hearing or redress of their grievances. I ask Senators if they want to bring about such a condition as that? I ask Senators if they desire to tell that group of laborers that they have no remedy; that they cannot go to the National Labor Relations Board; that they cannot assert their rights under the National Labor Relations Act, and that their only alternative is to strike? I ask Senators if they believe the Congress of the United States should take the position of denying legitimate rights to that group of labor which under the decisions of the United States courts, under law we have enacted, they have been held entitled to? Do we want to take those rights away from them?

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. MURDOCK. I yield.

Mr. CHAVEZ. Is it not correct to say that the particular group of labor which would be affected by the Elliott amendment is composed of those who most need the help of the National Labor Relations Board?

Mr. MURDOCK. In my opinion the Senator is correct. In court decisions we have had a description of the type of labor that comes under this amendment. The courts point out the fact that in the establishments where these laborers are working, a mechanized system is in operation the same as is to be found in almost every other industrial plant.

Mr. President, the Senator from Oregon [Mr. MORSE] appeared before our committee. I do not think he is present in the Chamber at the moment. The Senator from Florida [Mr. PEPPER] appeared before the committee. The Senator from Pennsylvania [Mr. MYERS] appeared before the committee. They all pointed out in detail the injustice which would ensue if this rider remained in the bill.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. MURDOCK. I yield.

Mr. LA FOLLETTE. I desire to associate myself with the remarks made by the Senator from Utah; and I ask him if the record does not show that at the present time most of the employees in so-called packing sheds have collective bargaining agreements with the employers?

Mr. MURDOCK. The Senator's statement is correct.

Mr. LA FOLLETTE. Furthermore, is it not true that if the Senate agrees to the motion of the Senator from Nevada the effect will be to upset what at the moment at least seems to be a peaceful relationship between the employers and employees in this particular phase of industry?

Mr. MURDOCK. The Senator is correct; and we leave them with the single remedy of striking in order to get what they are entitled to. We deny them the orderly procedure of the remedies provided by the National Labor Relations Act.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. MURDOCK. I yield.

Mr. LA FOLLETTE. When I was chairman of the so-called Civil Liberties Committee we conducted investigations in California concerning strikes in some of the packing sheds. The record will show that they were among the most bitter and violent cases of that character on which the committee held hearings. I believe that, from the standpoint of production of important foodstuffs and their packing and distribution, if the Senate takes this action it will be moving in the direction of returning to the chaotic and bitter controversies which took place before these employees had the protection of the National Labor Relations Act, and before they arrived at collective bargaining agreements with their employers.

Mr. MURDOCK. The Senator is entirely correct. The Senate is reversing the position which it took so emphatically a year or two ago.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. MURDOCK. I yield.

Mr. AIKEN. Is it not true that under this amendment, if a corporation employs a thousand workers and 950 of them are union members, and it also employs 50 bona fide agricultural workers, the entire 1,000 employees are deprived of their right to collective bargaining, which is now guaranteed them under the law?

Mr. MURDOCK. Under the language of the rider, that very thing would take place and the able Senator, who is always keenly alert in the protection of people needing our protection, has pointed out the most vicious aspect of this rider.

Mr. AIKEN. It would be necessary for the employer of 500 or a thousand workers to employ only 5 agricultural workers in the group in order to deprive all the workers of the rights which they now hold.

Mr. MURDOCK. The Senator correctly analyzes the rider.

Mr. AIKEN. The only recourse the employees would have would be to strike immediately.

Mr. MURDOCK. The Senator is correct. We would be telling this group of labor, which, as I understand the figures, numbers more than 100,000, that there is only one remedy left to them, and that is to strike. We enacted the National Labor Relations Act and established the National Labor Relations Board to provide workers with an efficient, peaceable, and lawful procedure to eliminate the need for striking. This rider would deny them that right.

Mr. AIKEN. It seems to me that we have not had anything before us during this session that would be more sure to guarantee a series of strikes in an important industry than the rider which we are asked to pass upon today.

Mr. MURDOCK. The Senator is correct.

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. MURDOCK. I yield to the Senator from New Mexico.

Mr. CHAVEZ. The viciousness of the Elliott amendment is that it strikes at a group which actually needs the protection of the National Labor Relations Board. If we are to place the Elliott amendment in effect by the action of the Senate, we might as well get back to sweatshops, because in the areas where these plants are located the working conditions are such that that class of workers would have no protection whatsoever. Moreover, as the Senator from Utah has stated, it has been the policy of the Committee on Appropriations not to attach legislative riders to appropriation bills, but to act only on appropriations. Why should the Senate reverse its position now and pick on this poor group of workers who need help?

Mr. MURDOCK. I am in full agreement with the Senator. I say again that if we mean anything by the lip service which we so frequently apply in condemnation of this type of legislative procedure, we owe it to ourselves to stand up in the Senate and be counted against the provision which is found in this appropriation bill, the so-called Elliott rider.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. MURDOCK. I yield.

Mr. FERGUSON. Mr. President, I am opposed to the Senate receding from its amendment to strike the so-called Elliott rider. When this question was before the Senate we struck out this provision, and I am of the opinion that it should remain out. We went into this matter not only last year, but this year. The employees who are covered are not ordinary agricultural workers. They work in the packing sheds, just as other laborers work in plants and factories. I am of the opinion that we should not deprive them of their rights under the Wagner Act. We should accord them the same rights as are accorded other laborers. Therefore I believe that in this case the Senate should not recede.

Mr. McCARRAN. Mr. President, will the Senator from Utah kindly yield to me so that I may make a full explanation to the Senate in a very brief form?

Mr. MURDOCK. Mr. President, I think I should finish my statement.

Mr. McCARRAN. I will say to the Senator that it will be of advantage to him to have the Senate know exactly what he is talking about, because it has not been explained, nor has the history of the amendment been explained. I yielded so that the Senator might take the floor. I wish to make a brief explanation, if the Senator will permit me to do so.

Mr. MURDOCK. I am glad to defer to the chairman of the committee.

Mr. McCARRAN. Mr. President, on June 11, 1946, during the consideration of the bill by the Committee of the Whole House on the State of the Union, Mr. ELLIOTT, of California, offered an amendment adding the following proviso to title IV of the bill on the National Labor Relations Board:

*Provided further, That no part of the funds appropriated in this title shall be used in connection with the investigation, hearings, directives, or orders concerning bargaining units composed in whole or in part of agricultural laborers as that term is defined in the Social Security Act in section 409, title 42, United States Code.*

Mr. ELLIOTT stated that it was the same amendment that was adopted in 1945 and practically the same amendment that was adopted on the Case bill on February 6, 1946. He also read the definition of "agricultural labor" from the Social Security Act, which Mr. LEA stated was adopted by the Ways and Means Committee of the House several years ago and has since been approved two or three times by the House. (CONGRESSIONAL RECORD, pp. 6689 to 6692.)

After debate covering four pages of the RECORD—and I give this information to the Senate because we looked it up so that the Senate might have the benefit of our search in the matter—when the question was taken on the amendment in the Committee of the Whole there was a division, demanded by Mr. ELLIOTT, resulting in 84 ayes and 64 noes.

Mr. MARCANTONIO demanded tellers and on the second division there were 113 ayes and 67 noes. So the amendment was agreed to, and the Committee rose.

On the passage of the bill by the House, Mr. ROONEY demanded a separate vote on the amendment, the other amendments being agreed to en gros, and when the question was taken there was a division demanded by Mr. ROONEY and Mr. MARCANTONIO, resulting in 104 ayes and 65 noes. Mr. ROONEY objected to the vote and made the point of order that a quorum was not present. A roll-call vote was thereafter taken, resulting in 202 yeas and 134 nays. And the bill was thereupon passed without record vote.

On July 11, 1946, after the conference, and during the consideration of the conference report by the House, all amendments in disagreement were disposed of except number 39, the Elliott amendment, which is now before the Senate.

The gentleman from South Carolina [Mr. HARE] moved that the House insist upon its disagreement. The gentleman from Wisconsin [Mr. KEEFE] offered a preferential motion that the House recede and concur in the Senate amendment, which motion was debated, and when the question was taken the Chair was in doubt and the division resulted in

61 ayes and 114 noes. The gentleman from Wisconsin [Mr. KEEFE] objected to the vote and made the point of order that a quorum was not present. A roll-call vote was thereafter taken, resulting in 106 yeas to 204 nays. So Mr. KEEFE's motion was rejected, and Mr. HARE's motion to further insist was agreed to.

Mr. President, I give this information in detail so that the Senate may know that the House has on two occasions, by a yea-and-nay vote, voted on this question.

Today I called a meeting of the conferees on the part of the Senate on this matter, because I wanted to know how they stood. Not many were present. The Senator from Utah came a little late because of other matters that detained him. But those who were present determined that, no matter how we might personally feel about this matter, if we wanted to pay the employees of the departments affected by the bill on Tuesday next, as they must be paid, there was nothing else for us to do but to recede from our position.

Hence my motion is before the Senate now. I may not agree, but the conferees are of that opinion, and I have made the motion.

I thank the Senator very much.

Mr. MURDOCK. Mr. President, I thank the Senator for his contribution. I wish to say that if the Senate must be overridden at all times because of votes in the House of Representatives, then I ask what is the use of our taking a position? In the last day or two, we have sent over to the House of Representatives a request for a conference on a very important matter. Their answer to us was, "We will not even confer with you on it," and they sent it back to the Senate.

Mr. President, the mere fact that the House of Representatives has made a mistake on this important issue is no argument at all for our following that mistake. One of our circuit courts of appeals has made the following statement on this amendment:

When the product leaves the farmer as such and enters a factory for processing and marketing, it has entered upon the status of industry. In the status of this industry there would seem to be as much need for the remedial provision of the Wagner Act as for any other industrial activity.

Mr. PEPPER. Mr. President, will the Senator yield to me?

Mr. MURDOCK. I yield.

Mr. PEPPER. I wish to confirm the able Senator's statement that the decision which he has read is a decision of one of the circuit courts of appeals. That is correct; is it not?

Mr. MURDOCK. That is correct. It was the decision of the Ninth Circuit Court of Appeals in the North Whittier Heights case.

Mr. PEPPER. And subsequently the United States Supreme Court denied a writ of certiorari in that case; did it not?

Mr. MURDOCK. It did. I am indebted to the able Senator from Florida in this connection, because I am reading from the statement he made before the Appropriations Committee.

Mr. Altmeyer, Chairman of the Social Security Board, in describing some of the

plants involved in this rider, made the following statement:

A study of the citrus-fruit industry revealed that employees of the large, extensively equipped packing plants are little more than attendants of the machines they operate. The inside of a typical packing house is a place of conveyor belts and machinery. There is little to distinguish these plants from ordinary factories, except for the product handled, for the work is virtually identical.

Most of the packing houses are operated by large corporations which could very well manufacture a nonagricultural product without changing their basic method of operation. They are also shown to be operated under industrial conditions.

Mr. President, does the Senate, in the name of helping the farmer, want to deny employees who work in that type of plant the right and privilege to go to the National Labor Relations Board and assert their rights under the National Labor Relations Act?

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. MURDOCK. I yield.

Mr. MAGNUSON. Of course, the question has nothing to do with the farmer at all. Once the farmer takes his products to those plants or sheds and is paid for his products, from then on the products belong to the distributor or the processor.

Mr. MURDOCK. That is correct.

Mr. MAGNUSON. The question has nothing to do with the farmer.

Mr. MURDOCK. That is correct. The corporations that are trying to strike down the rights of those employees are only using the farmer as a means to accomplish what I think is a vicious end.

Mr. MAGNUSON. Mr. President, will the Senator further yield?

Mr. MURDOCK. I yield.

Mr. MAGNUSON. This situation is the same that has confronted us on frequent occasions during the past 3 or 4 months. We have had labor measures before us in a proper way, and we ran the gantlet of labor measures and proposals in connection with the so-called Case bill. We voted on it and the House voted on it, and we have voted on it again.

Now those who oppose labor take this back-door method of approach, after the proposal has been defeated in the Senate and in the House. Those who favor this amendment have tried to add it to appropriation bills, after it has been defeated both in the Senate and in the House.

Mr. MURDOCK. That is correct.

Mr. MAGNUSON. In my opinion, it is high time that the Senate told those who are attempting this maneuver that appropriation bills are not to be used as a back-door method of striking at labor.

Mr. MURDOCK. And there never was a better time for us to take that stand than now, in connection with this appropriation bill. I sincerely hope that the motion of the able senior Senator from Nevada to recede on the Senate amendment which strikes the Elliott rider from the bill will be defeated by an overwhelming vote.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. MURDOCK. I yield.



Mr. MORSE. I wish to support the position taken by the Senator from Washington and the Senator from Utah. I think the Senate has been pushed around quite long enough by tactics of the House in connection with adding substantive legislation to appropriation bills. The House is doing it—let us be frank about it—for the obvious purpose of putting us in exactly the same position the Senator from Nevada has said we are in in connection with this bill, namely, that if we are going to have an appropriation bill at all and if the Government employees affected are to be paid, then we must bend our knees today to the House of Representatives and recede from our position and yield to this type of political pressure.

Mr. President, we must meet this crisis sooner or later. I say this is the time to start. Let us not pass this bill. Let us make perfectly clear to the country whose is the responsibility for not having the bill enacted. Let the responsibility rest squarely on the House of Representatives because it tried to add substantive legislation to an appropriation bill. I am perfectly willing to fight out that issue, and I think we shall have to make clear to the House that we are not constantly going to yield when we find ourselves in the position in which we are today. I should like to see the Senate once, at least, make perfectly clear to the House that we are not constantly going to yield when we are jockeyed into this position.

The Senator from Utah will recall that I appeared before the Appropriations Committee in opposition to the Elliott amendment.

Mr. MURDOCK. Yes; I mentioned the Senator's name in his absence.

Mr. MORSE. If the Senator will permit me to do so, I should like to read excerpts from the testimony I gave before the Senate Appropriations Committee, because I think it is explanatory in connection with this situation.

Mr. MURDOCK. I yield for that purpose.

Mr. MORSE. When I appeared before the Senate Appropriations Committee in connection with the Elliott amendment, I said the following, among other things:

The rider added by the House to title IV of the Labor and Federal Security appropriation bill established a dangerous precedent. At present, section 2 (3) of the National Labor Relations Act defines the employees who are entitled to the protection of the act and the terms of this section specifically exclude agricultural labor. The Elliott amendment, while purporting to bar the National Labor Relations Board from using its funds in connection with cases involving agricultural labor, deals in actuality with a segment of our economy that involves great corporations engaged in agricultural processing and packing of food products.

Mr. President, great corporations have been successful in propagandizing a large segment of the farmers of the United States into believing that the Elliott amendment is desirable in their interest. But it is going to do a great deal of injustice to the farmers, just as the Lea amendment which was passed during a previous year did considerable injustice to many farmers in my State, as I shall point out in a moment.

I continue reading from the statement which I made before the subcommittee of the Committee on Appropriations.

Apart from the merits or demerits of the social-security definition of agricultural labor, it may be stated as a simple fact that hundreds of thousands of employees engaged in performing industrial operations are designated as "agricultural laborers" under that definition. Last year, a similar rider was attached to the appropriation for the National War Labor Board. The War Labor Board was a temporary wartime agency, liquidated within a relatively short period after the adoption of the rider, and the effects of the amendment were, fortunately, minimized. \* \* \*

For example I know of several instances in which disputes between employer and employee developed in so-called processing and agricultural packing establishments with the result that when the employer appealed to the National War Labor Board to take jurisdiction over the dispute I discovered that the War Labor Board was estopped in the premise because of the then known Lea rider.

I recall that in my State, for example, a large segment of the pear industry was involved in a labor dispute in the packing sheds. The operators of some of the sheds telephoned me in Washington and said, "We cannot even get a telegraphic reply from the War Labor Board. We want some relief. We want someone to come here and help us settle these disputes." Because it could not use the peaceful procedures of the War Labor Board, the unions involved had no other course but to strike. I point out to Senators that that is what will happen under the Elliott amendment, which, instead of preventing labor disputes, will cause them. It prohibits the use of the peaceful procedures afforded under the National War Labor Board in settling disputes. If anyone thinks for a moment that the workers involved in many of these establishments in various sections of the country, who are working under most unfavorable conditions, will tolerate those conditions merely because the Elliott amendment is passed, they will be sadly mistaken. What we are buying through the Elliott amendment are strikes, rather than peaceful settlements of the disputes which will arise in these processing plants. I pointed that fact out to the subcommittee when I went on to say in my statement:

That rider called the Lea amendment, as the members of the committee will recall, prohibited the use of funds of the National War Labor Board in connection with labor disputes arising among employees classified as agricultural workers by the Social Security definition.

As the Senator from Utah has pointed out, the definition includes thousands and thousands of employees not covered by the definition in other statutes.

I continue reading from my statement before the subcommittee:

The record is pretty clear that a great many strikes occurred among these employees which never would have occurred had the National War Labor Board been free by use of its funds to send members of its staff into the disputes which arose to the end of settling them under the peaceful procedures of the War Labor Board. Being denied the peaceful procedures of the War Labor Board for use in the settlement of their disputes, the workers had no other course but to strike.

I am convinced that the Elliott rider now before this committee will produce strikes and labor troubles in many agricultural processing and packing plants, rather than prevent them. After all, human nature is the same whether the persons involved in the disputes are workers at agricultural processing plants or an automobile factory. If the workers feel that an injustice has been done them, they are going to organize themselves into united action in an endeavor through employee organizations to correct what they consider to be injustices. It is at that point in the development of a labor dispute that it is highly desirable to have peaceful procedures available to both the employer and the workers for the settlement of their disputes.

Mr. President, I predict that if the Elliott amendment becomes law, many employers will be begging for just such procedure as is now available under the National War Labor Board:

The Elliott rider seeks to deny the procedures of the National Labor Relations Board to the workers covered by the rider.

In the present instance, we are dealing with an important section of a basic labor-relations law which has been on the statute books for over 10 years. It is now proposed, without hearings before the proper legislative committees and without adequate consideration, to apply the social-security definition to the National Labor Relations Act. This atomization of the issues in labor relations which allows one set of procedures for one group and a complete lack of procedures for another group solves no problems.

Let me emphasize one problem: If this rider is adopted, there will be no procedures available for determination of a collective-bargaining representative among the affected employees. As I have stated before, employers who may be faced with the claims of rival unions will have no lawful means of securing a peaceful determination of the conflicting claims. Employees will be forced to employ strikes as a means of securing union recognition.

Moreover, the rider will cause endless confusion by excluding an entire bargaining unit as long as a single worker in the unit can be regarded as coming within the undesirable and expanded concept of agricultural labor contained in the social-security definition.

Mr. President, we should pause and consider for a moment this tactic, this device. All that a union-hating employer would have to do, all that an employer owning one of these processing establishments would have to do in order to block unionism, even in that segment of his industry which can be considered to be a processing or packing plant, would be to see that only one of his employees was employed in one of his so-called supplemental establishments, and the Elliott amendment would apply. If the Congress wishes to sanction a strategy which will cause a great many labor disputes on the part of union-hating employers who are out to break organized labor, then it should sanction the Elliott amendment. Mr. President, I believe that the dangers to the economic stability of this country are so serious that we can well afford to put into effect the first suggestion which I made, namely, to carry on the fight with the other House against this particular type of strategy which it is proposed to use through the Elliott amendment.

I further pointed out to the subcommittee as follows:

Apart from these evils in its content and substance, the proposed rider typifies the undesirability of seeking to evade the obligations of law by the backhanded device of riders attached to appropriations. Congress has up to this date refused to sanction the efforts which have been made to amend the National Labor Relations Act to exclude these broad groups of workers. The device of appropriations riders is now being brought into play in an attempt to evade the proper procedures of amendments. The law is left on the books but the use of funds for its enforcement is so circumscribed as to make the law a nonentity.

By thus seeking to legislate through appropriation, Congress has been placing the Board in the position of seeking interpretations of these riders from the Comptroller General. The result is that the Comptroller General, and not the Federal circuit court of appeals (as required by statute) is forced to render decisions as to when and where the act may be enforced. The Comptroller General is not a judicial officer and yet the rider device converts him into a superjudge. In the light of the foregoing reasons I respectfully recommend that the so-called Elliott rider be stricken from the bill.

Mr. President, in line with the reasons which I have stated, I submit that I am justified in recommending that the Senate refuse to recede, and that it notify the other House that it intends to stand by its previous action in striking out of the appropriation the substantive section which involves the Elliott amendment.

Mr. TUNNELL. Mr. President—

Mr. McCARRAN. Mr. President, I think this matter is of such importance that we should have a good attendance of the membership of the Senate, and I ask the Senator from Utah to yield to me so that I may suggest the absence of a quorum.

Mr. TUNNELL. I ask the Chair who has the floor.

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair). Does the Senator from Delaware desire the floor?

Mr. TUNNELL. Yes.

The PRESIDING OFFICER. The Senator from Delaware is recognized.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. TUNNELL. I yield.

Mr. McCARRAN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Gossett	Millikin
Austin	Green	Mitchell
Ball	Guffey	Moore
Barkley	Gurney	Morse
Bridges	Hart	Murdock
Briggs	Hawkes	Murray
Brooks	Hayden	Myers
Buck	Hill	O'Daniel
Burch	Hoey	O'Mahoney
Bushfield	Huffman	Overton
Byrd	Johnson, Colo.	Pepper
Capehart	Johnston, S. C.	Radcliffe
Capper	Kilgore	Reed
Carville	Knowland	Revercomb
Chavez	La Follette	Robertson
Cordon	Langer	Russell
Donnell	Lucas	Smith
Downey	McCarran	Stanfill
Eastland	McClellan	Stewart
Ferguson	McKellar	Swift
Fulbright	McMahon	Taft
George	Magnuson	Taylor
Gerry	Mead	Thomas, Okla.

Thomas, Utah	Walsh	Wilson
Tobey	Wherry	Young
Tunnell	White	
Wagner	Wiley	

The PRESIDING OFFICER. Seventy-nine Senators having answered to their names, a quorum is present.

Mr. TUNNELL. Mr. President, I desire to associate myself with those who are protesting against this form of legislation. It is becoming more or less of a custom, apparently, to add to appropriation bills extraneous matters by which it is hoped to compel the legislative body of the Nation to adopt measures which otherwise could not be passed. It is a form of compulsion on Congress to force it to do something it is not willing to do. On the last opportunity to pass a necessary appropriation bill in the proper time there is attached to the bill an antilabor clause or sentence or paragraph.

Those who are American citizens and appreciate that other American citizens have certain rights must realize eventually that such rights will be recognized. I do not think that the Congress of the United States wants or that the Senate of the United States will permit itself to be bludgeoned into doing something it is otherwise unwilling to do.

What is proposed by the provision of the bill under discussion would not have been attempted in regular substantive legislation; Congress would not consider it seriously; but by attaching it to a bill which must be passed, the attempt is being made, as I have said, to compel the Senate to accept a provision which otherwise it would not adopt and to which it is opposed.

The provision in question is aimed particularly at labor. Various amendments which it is sought to attach to different bills have an antilabor purpose. We have no reason to believe that there may not be at some future time other classes of our citizens who would be thus attacked. Such unfair attacks will not long be confined to a particular class of citizens. Those who seek to do an injustice in this instance have no particular dislike, I am sure, for labor. It is toward certain classes of workers, certain classes of citizens, that they have a sort of antagonism. Perhaps it is because of their interests or the interests of their particular attorneys that they are desirous of putting through this kind of legislation.

So, Mr. President, it is a pretty serious matter we are facing. We are facing a species of legislation or a legislative procedure which is not only harmful to the best interests of the country but is actually dangerous. It is a menace and is intended as a menace; there can be no doubt about that. Those who by underhanded means, such as amendments of this kind, attempt to force legislation which the country does not want and which would not be enacted through the regular legislative channels are not doing any service to the American people.

As I have said, the particular objective of the legislative rider is labor. I do not know whether it was inspired by strikes, but certain it is that there may be other strikes engendered by this kind of obnoxious legislation. Whether its proponents want more strikes, more

labor unrest, at this particular time, in this particular year, I do not know. Is it proposed with the idea of creating political disturbance before election? Is it proposed because of an innate hatred of those from whom most of the persons who have these ideas sprang? Most of those who entertain this antilabor idea sprang from labor; their ancestors, and in many instances they themselves have been a portion of labor. Now, like many converts, they have gone the whole way, and seek not only to ally themselves with enemies of labor, but to place on the statute books legislation which is in its nature punitive, for the purpose of punishing those from whom they themselves sprang. I do not know that many of them have "sprung" so far, if we come right down to the truth of it.

I am anxious to make this protest on two grounds. In the first place, it is bad legislation, and in the second place, it is aimed at a particular class of our citizens.

I do not know who compose what is known as labor. We are told that there are fifty-four or fifty-five million people now employed. I think it is safe to say that each of those persons represents at least one other, so that there are in the class known as labor more than 100,000,000 people. I think we are taking on a pretty big job when we go up against more than 100,000,000 people and attempt to put through what is in reality punitive legislation.

I understand that this movement perhaps has its incentive in the far West. I notice the employees who would be deprived of their rights have had the protection of the Wagner Act since its enactment. A large proportion of them are organized and have union contracts. For instance, the Imperial Valley and the Salinas Valley in California, and in the Yuma Valley, Ariz., 84.3 percent of the lettuce grown in the United States, 66½ percent of the melons, and more than half the carrots, are produced under conditions of stabilized labor relations and union contracts. I do not hear of any difficulties in those places with reference to labor. I do not hear of any demand for the passage of antilabor legislation from those regions.

The industries which would obtain special exemption and unfair competitive advantages include operations such as the Grulyn Shippers in Edinburg, Tex., employing more than a thousand workers.

Mr. MILLIKIN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Colorado?

Mr. TUNNELL. I yield.

Mr. MILLIKIN. It seems to me this is a very important subject to come up in such a glancing way, and, frankly, I should like a little more information about it.

Are the employees who are sought to be excluded from the benefits of the National Labor Relations Act now under the National Labor Relations Act?

Mr. TUNNELL. Absolutely; yes. This is the language of the amendment—the so-called Elliott amendment:

That no part of the funds appropriated in this title shall be used in connection with



investigation, hearings, directives, or orders concerning bargaining units composed in whole or in part of agricultural laborers as that term is defined in the Social Security Act.

They are still kept under the act, but the money is not to be used for that purpose.

Mr. McCARRAN. Mr. President, I think perhaps a little light on the question of the Senator from Colorado would assist the Senator from Delaware.

Mr. TUNNELL. I should be glad of any assistance.

Mr. McCARRAN. I read from the hearings before the committee. The Senator from Utah [Mr. MURDOCK], addressing his question to Mr. Reilly, of the National Labor Relations Board, asked:

Did we not have the same thing come over from the House last year?

Mr. REILLY. It came over as a rider to an appropriation for the War Labor Board. The proviso was eliminated in the Senate, but in conference the Senate conferees yielded to the House so the rider did appear in the appropriation for the War Labor Board. Of course, that is academic now, the War Labor Board being out of the picture.

A portion of the answer to the Senator from Colorado should contemplate that language—that it has existed by a process similar to that with which we are now dealing, but in that instance the Senate conferees yielded. In this instance they refused to yield. We struck it out. It is now stricken out, and now we are forced, as my fellow conferees apprise me this morning, to make this motion.

Mr. MILLIKIN. Mr. President, will the Senator from Delaware further yield?

Mr. TUNNELL. I yield.

Mr. MILLIKIN. I am very grateful for this information. Now, if I may, I should like to ask a further question. Whether or not these workers are under the National Labor Relations Act, are they organized?

Mr. TUNNELL. Yes, they are organized; and I have a memorandum here in which it is stated that many of them are unionized.

Mr. MILLIKIN. Being in that status, they could strike if they wanted to strike?

Mr. TUNNELL. Oh, yes.

Mr. MILLIKIN. Does the so-called Elliott amendment deprive them, therefore, of the right to invoke the conciliation services of the Government, and thus, perhaps, deprive them of the opportunity to minimize strikes?

Mr. TUNNELL. No; I think it does not. I do not think it minimizes strikes. As I understand, it deprives them of their connection with the National Labor Relations Act, and therefore leaves them only the right to strike as their only remedy.

Mr. McCARRAN. That is correct.

Mr. MILLIKIN. Let me put it another way. If the Elliott amendment were in effect, they could strike?

Mr. TUNNELL. They could strike.

Mr. MILLIKIN. But they could not have the benefit of the conciliation services which are offered through the National Labor Relations set-up. Is that correct?

Mr. TUNNELL. That is correct.

Mr. MILLIKIN. Therefore, could it be argued fairly that the Elliott amendment is an encouragement to strikes?

Mr. TUNNELL. It certainly is an incentive or inducement to strikes, as their only remedy.

Mr. BALL. Mr. President, will the Senator from Delaware yield?

Mr. TUNNELL. I yield.

Mr. BALL. Did I understand the Senator from Colorado to say that the NLRB had conciliation services?

Mr. MILLIKIN. No; I did not say that. I was asking for information. I was trying to find out exactly what the proposed amendment would do to these workers who, I understand, are organized or have the right to organize.

Mr. BALL. The Conciliation Service of the Department of Labor, a service for conciliating disputes, would still be available to them. The NLRB does no conciliating.

Mr. MILLIKIN. Will the Senator from Delaware further yield?

Mr. TUNNELL. I yield.

Mr. MILLIKIN. What protection would this amendment take away from the men who work in these plants?

Mr. BALL. They would not have the right to petition the NLRB for an election, they could not file an unfair practices complaint.

Mr. TUNNELL. It deprives them of the rights of labor under the National Labor Relations Act.

Mr. MILLIKIN. I have one more question, and then I shall ask one ultimate question. They would still have the right to strike, would they not?

Mr. TUNNELL. They would still have the right to strike.

Mr. MILLIKIN. They would still have the right to organize, would they not?

Mr. TUNNELL. Yes; there is no doubt about that. But in line with the Senator's previous questions, it would take away their other methods of avoiding strikes, and leave striking as their only remedy.

Mr. MORSE. Mr. President, will the Senator from Delaware yield?

Mr. TUNNELL. I yield.

Mr. MORSE. I think that point needs to be stressed. The Senator from Colorado is correct, they would have the right to organize and the right to strike, but they would really have no other course of action in order to obtain decent conditions of labor except by striking.

Mr. TUNNELL. That is correct.

Mr. MORSE. Therefore, the Elliott amendment would be productive of strikes, just as the Lea amendment was.

Mr. TUNNELL. That is correct.

Mr. MILLIKIN. I do not wish to impose on the Senator—

Mr. TUNNELL. The Senator is not imposing. I like his questions; they are illuminating.

Mr. MILLIKIN. Is there any serious claim made that the people who work in agricultural processing plants are not industrial workers? Does any one make that claim?

Mr. TUNNELL. There is the contention that an attempt is made here to call certain classes of workers, agricultural laborers who are not in fact agricultural laborers. I think that is correct.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. TUNNELL. I yield.

Mr. McCARRAN. In order to throw as much light on the subject as I can I will say that these laborers occupy a peculiar place in the economic picture. They do not work in the fields, therefore they are not, strictly speaking, agricultural workers. They do not work in processing, therefore they are not on that side, in industry. They are packers in the packing sheds where commodities from the fields are brought in, and in the first instance crated or packed for distribution or shipment. They are in the twilight zone, if I may so term it, between agricultural workers and nonagricultural workers. There is a school of thought that holds them to be nonagricultural workers, and there is another school of thought that holds them to be agricultural workers.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. TUNNELL. I yield.

Mr. MILLIKIN. Offhand it seems to me—and, I repeat, one of the vices of this method of legislation is that we have to take these important things offhand—it seems to me, taking a quick squint at it, that a man who packs vegetables in a vegetable packing plant occupies no different position than a man who packs candy in a candy packing plant. He is working in a factory. The particular workers we are talking about pack vegetables. Others pack other kinds of things. But in the one case or the other it is packing in a factory with the aid of mechanical devices. Offhand, it seems to me that a sound argument cannot be made that these workers are not industrial workers while they are working at this business.

Mr. TUNNELL. I should like to call the Senator's attention to this particular language:

That no part of the funds appropriated in this paragraph shall be used in connection with investigation, hearings, directives, or orders concerning bargaining units composed in whole or in part of agricultural laborers as that term is defined in the Social Security Act.

So the benefits of the Wagner Labor Relations Act are removed from them so long as the units in question are composed in whole or in part of agricultural laborers.

Mr. MILLIKIN. I thank the Senator.

Mr. TUNNELL. Mr. President, I am practically through with what I intended to say.

Mr. McCARRAN. Mr. President, before the Senator takes his seat let me say that I think a certain colloquy which occurred in the committee hearings might be of assistance to Senators in the debate. Mr. Herzog, chairman of the National Labor Relations Board, testified among other things:

Mr. HERZOG. The courts have held that our decisions on that subject are correct interpretations of the agricultural employee exemption in the Wagner Act. The Board has often refused to take jurisdiction over people whose activities are in our opinion agricultural. The courts have agreed with the distinctions we have drawn.

We think, again, that if this rider were adopted—

That is the rider now before the Senate—

the employees would have no recourse but the use of self-help.

That means to strike.

There is nothing in the record or in the history of the Board's interpretation of the agricultural employee exemption in the National Labor Relations Act which would justify attaching this rider to our appropriation bill.

Senator MURDOCK. If a rider is attached, we leave them one remedy, and that is the remedy of strikes, is it not?

Mr. HERZOG. That is right, sir. We might say that the CONGRESSIONAL RECORD indicates some slight misunderstanding in the House as to the effect of the rider. The rider would not affect cannery workers, even if adopted by the Senate. It would only affect packing-shed and processing employees, because the social-security definition, which is what the Elliott rider contemplates, excludes cannery workers from the exemption. The cannery workers, sir, even if the rider were adopted, would still be in our jurisdiction.

Senator McCARRAN. This would affect lettuce packers and the like?

Mr. HERZOG. That is right, sir. I might say that if by any chance the committee should disagree with us, which we hope they will not do, and apply this rider and also apply another rider which we read about in the newspapers this morning concerning foremen, it would not justify any cut in our appropriations.

Mr. TUNNELL. Mr. President, I want to make the specific statement that my objection is based on grounds in addition to the fact that this amendment is anti-labor. It is anti-labor; it is intended to be anti-labor; but it is also a vicious system of legislation. I do not think anyone will contradict that statement. It is a vicious method of trying to bludgeon Congress, or a branch of Congress, into passing something which may not perhaps be for the best interests of the country, and which in all probability the Senate itself would not pass as a separate measure.

In conclusion, I wish to say that this specific rider has been sought in the past by certain employer groups, particularly from California and certain Southern States. Some of these employers have been the subject of investigation and exposure by the La Follette committee in connection with their anti-labor activities. Passage of this rider would throw the industries affected back more than 10 years in their labor relations. Widespread strikes are bound to result if the workers in these industries are robbed of legal protection in their right to bargain collectively. By enacting this rider, the Senate would be permitting itself to be used as an anti-labor instrument of those employers who are intent on inciting industrial strife instead of confining its deliberations to financial matters appropriate to the pending legislation.

Mr. BALL. Mr. President, I should like to discuss briefly, if I may, the pending motion of the Senator from Nevada [Mr. McCARRAN] that the Senate recede from its disagreement with the so-called Elliott rider. In the subcommittee and the full committee I supported the striking out of this rider. I think it is, on the whole, very bad, because it will not contribute to industrial peace. It deprives

several hundred thousand employees of the protection of the Wagner Act which they have enjoyed up to this time.

However, I am now supporting the motion of the Senator from Nevada. As he stated, the House has twice by yea-and-nay votes—once by a vote of 202 to 134 and on another occasion by a vote of 204 to 106—insisted on the retention of this limitation in the bill. There is no room for compromise on this particular language. It either stays in or it goes out. So it is a question of either the House or the Senate yielding.

It is my belief, based upon past experience, that after the House has insisted twice by yea-and-nay votes of nearly 2 to 1 retention of this provision, the only effect of the Senate insisting on striking it out would be to delay the passage of the bill for several days, perhaps a week. A good many thousand employees cannot be paid on the middle-of-the-month pay day unless this bill becomes law before then.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. BALL. I yield.

Mr. McCARRAN. At the beginning of this discussion I made the same statement to the Senate which the Senator from Minnesota has just made. I find that I am somewhat in error, and probably I have led the Senator from Minnesota into the same error. Because of the method of staggering pay days, the next pay day for the employees of these departments will be on the 22d of this month rather than on the 15th. I know that the Senator would wish to have that information.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. BALL. I yield.

Mr. MAGNUSON. I wish to ask the Senator whose fault it is that these employees may not be paid if this issue should come to a head.

Mr. BALL. I was not trying to blame anyone.

Mr. MAGNUSON. Of course the Senator knows it is the fault of those Members of the House of Representatives who insist on adding legislation to appropriation bills. There would be no trouble with this appropriation bill if this legislation were not proposed to be added to it.

Mr. BALL. I say to the Senator that I am not very much concerned about who is to blame, but I should like to see this bill become law. For instance, the provision with respect to the Employment Services, which I described a few minutes ago, is tremendously important. We have allowed only approximately 120 days for all arrangements to be made for the transfer of the employment services back to the States. Every day that this act is held up will mean that the Department of Labor and the various States will have that much less time to work out the arrangements.

Mr. MAGNUSON. Then the House should recede on this matter.

Mr. BALL. Personally I wish to see this bill become law reasonably soon. As I said in the beginning, I supported the striking out of this rider, both in the subcommittee and in the full committee. I do not think it is sound. But I believe

we are faced with a practical situation in which, if the Senate insists, we shall have a further conference and the House will further insist; and I do not think there is the slightest chance of changing the position of the House of Representatives. I believe that eventually we shall wind up with a bill containing this language, and I do not think there is much point in engaging in that process.

I think there is some tendency to exaggerate the effect of this provision. I do not believe it will result in a strike on the west coast, where the employees are rather well organized. If an employer has a contract with his employees, he is not likely to invite trouble by refusing to negotiate a new contract.

I think the effect of the provision will be bad in the South, where both A. F. of L. and the CIO are beginning organizing drives, and where unquestionably a good many thousand employees will be affected by this limitation. However, it does not deny them the right to organize or to bargain collectively. It does deny the National Labor Relations Board any right to use these funds to hear any kind of appeal for an election by such employees or to process any unfair labor practices complaint. I think it is quite true that those rights are probably still necessary in some areas in order to make really effective the right to organize and bargain collectively. But, as I have said, the number of employees involved is not great. The question of a bargaining unit in whole or in part is not, in my opinion, important, because any union can very easily avoid a complication in that connection, if it has only one or two or half a dozen members who would be affected by this rider. In that event the union can simply eliminate those members from the bargaining unit, and can proceed. But unquestionably the provision will affect the packing shed employees, largely in the South, as I have said, when this organizing drive begins.

In view, however, of the position of the House of Representatives and the record votes which have been taken in the House, I do not think there is any practical possibility of striking out the language and I think we shall save time and obtain necessary legislation sooner if we recede from the Senate's position and adopt the motion of the Senator from Nevada.

Mr. PEPPER. Mr. President, I wish to address myself to the motion. I urge the Senate to disagree to the motion which has been made by the able Senator from Nevada.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. WAGNER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Burch	Donnell
Austin	Bushfield	Downey
Ball	Byrd	Eastland
Barkley	Capehart	Ferguson
Bridges	Capper	Fulbright
Briggs	Carville	George
Brooks	Chavez	Gerry
Buck	Cordon	Gossett



Green	McMahon	Smith
Guffey	Magnuson	Stanfill
Gurney	Mead	Stewart
Hart	Millikin	Swift
Hawkes	Mitchell	Taft
Hayden	Moore	Taylor
Hill	Morse	Thomas, Okla.
Hoe	Murdock	Thomas, Utah
Huffman	Murray	Tobey
Johnson, Colo.	Myers	Tunnell
Johnston, S. C.	O'Daniel	Wagner
Kilgore	O'Mahoney	Walsh
Knowland	Overton	Wherry
La Follette	Pepper	White
Langer	Radcliffe	Wiley
Lucas	Reed	Wilson
McCarran	Revercomb	Young
McClellan	Robertson	
McKellar	Russell	

The PRESIDING OFFICER (Mr. SWIFT in the chair). Seventy-nine Senators having answered to their names, a quorum is present.

Mr. PEPPER. Mr. President, I believe that the question now pending before the Senate is of much wider interest than with respect even to the group directly affected. The practice has grown up, in the past few months especially, of the House of Representatives, for all practical purposes, circumventing the rules of the United States Senate. It is a rule of the United States Senate that legislation cannot be tacked onto an appropriation bill. Obviously, experience has shown that the rule is a very salutary one. Appropriation bills should carry out the legislative declarations and purposes of Congress. When proposed legislation is before the Congress, it is debated as proposed legislation. If it is approved and if it provides for an authorized appropriation, in due course the Appropriations Committees consider the making of the appropriation itself. But the House of Representatives has repeatedly sent to the Senate provisos in appropriation bills which are clearly, both by character and intent, legislation. The fact that they come to the Senate as items in appropriation bills, with a predicate already in the bill, deprives the Members of the Senate from making the point of order, as the rules would ordinarily allow, that they are legislative in character. The result is that the House of Representatives is circumventing the rules of the Senate, as well as a salutary principle and practice of legislation, and day by day, almost, is sending to the Senate legislative provisions embodied in appropriation bills.

Mr. President, that is what has happened in this particular case. The House of Representatives has added, as a proviso in the Department of Labor-Federal Security Agency appropriation bill, the following language:

*Provided further, That no part of the funds appropriated in this title shall be used in connection with investigation, hearings, directives, or orders concerning bargaining units composed in whole or in part of agricultural laborers as that term is defined in the Social Security Act in section 409, title 42, United States Code.*

In the first place, Mr. President, remember that this was not an appropriation having to do with all the functions of the National Labor Relations Board. It merely provides that one part of the funds providing for that Board can be used by the Board in respect to this subject, namely, agricultural labor as defined in the Social Security Act.

Of course, it would be almost impossible to administer the law honestly, because it is difficult to segregate that part of the Board's time and personnel which might be used for that purpose. But those responsible for the provision have forbidden the use of any part of the Board's time and any part of the time of the Board's personnel and any of the personnel's money or the Board's money in having anything to do whatever with the protection of the rights of labor engaged in the packing field, because they want that labor to be excluded from the National Labor Relations Act by this definition.

Mr. President, the definition which they wish to apply to agricultural labor is the definition found in the Social Security Act, and insofar as it is pertinent to this subject, it reads as follows:

The term "agricultural labor" includes all services performed—

In handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market any agricultural or horticultural commodity; but only if such service is performed as an incident to ordinary farming operations or, in the case of fruits and vegetables, as an incident to the preparation of such fruits or vegetables for market.

That definition if adopted would exclude from the jurisdiction of the National Labor Relations Board and from the protection of the National Labor Relations Act, known as the Wagner Act, all laborers engaged in any of those functions, and particularly workers in the packing houses engaged in the preparation for final destination of agricultural commodities.

What would be the effect of that? The effect would be to reverse and set aside by legislative enactment a decision of the Ninth Circuit Court of Appeals, and a decision of the Supreme Court of the United States, holding that packing-house workers, although engaged in the preparation for ultimate destination of agricultural commodities, are industrial laborers and not agricultural laborers, and are entitled and do now enjoy the protection of the National Labor Relations Act and the National Labor Relations Board.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. MORSE. The Senator refers to a decision of the Supreme Court of the United States. He means that the Supreme Court refused to bring the matter up on certiorari?

Mr. PEPPER. Yes. I thank the Senator. In the opinion the Ninth Circuit Court of Appeals, in the case of North Whittier Heights Citrus Ass'n against National Labor Relations Board, the Circuit Court of Appeals of the Ninth Circuit on the 12th of January 1940 decided this question. The case presented was whether or not there was any redress possible by packing-house workers against unfair labor practices by employers, and the question subsidiary to that main question was whether or not these employees, who were packing-house employees packing citrus fruit, could claim the protection of the National Labor Re-

lations Act and the National Labor Relations Board. In holding that they were entitled to that protection, the Circuit Court of Appeals of the Ninth Circuit, Judge Stephens writing the decision, used the language I shall presently read. The National Labor Relations Act exempts agricultural labor, and I shall read first the section of the National Labor Relations Act, which is pertinent. I quote from page 80 of One Hundred and Ninth Federal Reporter:

In section 2, subdivision (3), of the act it is provided that unless the act explicitly states otherwise, the term "employee" shall include any individual whose work has ceased as a consequence of, or in connection with, any current labor dispute or because of any unfair labor practice \* \* \* but shall not include any individual employed as an agricultural laborer, or in the domestic service of any family or person at his home, or any individual employed by his parent or spouse.

So the question was whether these packing-house workers were agricultural laborers so that they could not be protected by the Board under the National Labor Relations Act. The court held they were not agricultural laborers. Here are pertinent excerpts from the court's opinion. I read from page 80 of the One Hundred and Ninth Federal Reporter:

Industrial activity commonly means the treatment or processing of raw products in factories. When the product of the soil leaves the farmer, as such, and enters a factory for processing and marketing it has entered upon the status of "industry." In this status of this industry there would seem to be as much need for the remedial provisions of the Wagner Act, upon principle, as for any other industrial activity.

Again, on page 81 of the same volume, the court said:

The opinion in the case of *Pinnacle Packing Company v. State Unemployment Commission*, supra, a case under a cooperative arrangement for processing and marketing fruit, contains some apt language. We quote:

I now quote the court's quotation:

The fruit growers who are engaged in the care, cultivation, picking, and delivery of the products of the orchard to be processed, graded, packed, and marketed are engaged in agricultural labor and are exempt from the provisions of the statute. As soon as the fruit is delivered by the grower to the plaintiff for processing, grading, packing, and marketing, then the exemption ceases. The plaintiffs engaged in processing, grading, and packing and marketing the fruits are engaged in industry and are, therefore, subject to the provisions of the act and are not exempt as being engaged in agricultural labor.

That is the end of the inner quote. The court concludes in this language, as appears on page 81.

We conclude that the workers in petitioner's packing house are not agricultural laborers and are therefore not exempt from operation of the act.

Mr. President, that decision went to the United States Supreme Court on a petition for certiorari and the petition was denied. So that the United States Supreme Court has confirmed, and wisely so, the definition of agricultural labor which the Ninth Circuit Court of Appeals has laid down. All of us know by

personal experience the distinction between the worker who works in the field, and the worker who works in a packing house on the products of the field. As was pointed out here awhile ago by the able Senator from Colorado, there is no more reason why workers engaged in packing agricultural commodities in a packing house, usually remote from the farm, and having nothing to do with it, under different management from the farm where they were grown and harvested, are not as much entitled to the protection afforded industrial workers under the National Labor Relations Act as workers engaged in the packing of candy or any other commodity which may be packaged by workers.

Mr. SMITH. Mr. President, will the Senator from Florida yield?

Mr. PEPPER. I yield to the Senator from New Jersey.

Mr. SMITH. I agree with the position the Senator is taking, but I have just been reading a provision of the Social Security Act which I think he was discussing a moment ago. In title 42, chapter 7, section 409, subsection 4, it is provided:

The provisions of this paragraph shall not be deemed to be applicable with respect to services performed in connection with commercial canning or commercial freezing or in connection with any agricultural or horticultural commodity after it is delivered to a terminal market for distribution for consumption.

Is that adequate to cover the point?

Mr. PEPPER. No, Mr. President. I thank the Senator for pointing that out, but the able Senator from Nevada [Mr. McCARRAN] pointed out earlier that in the hearings before the committee the counsel for the National Labor Relations Board indicated that this proviso, even if adopted, would not apply to canning workers, because commercial canning workers are not even covered by the Social Security Act definition. But the exemption to which the Senator has just referred does not apply to packing-shed workers, and the House proviso would remove from the National Labor Relations Act and the protection of the National Labor Relations Board all the many hundreds of thousands of packing-shed workers throughout the land, that is, workers engaged in packing, for example, fresh vegetables, and workers engaged in packing citrus fruit and other horticultural commodities.

Mr. SMITH. I thank the Senator for his answer. I agree with his position. I also agree especially with the first point he made. I think it is unfortunate to attach legislative provisions to an appropriation bill. I share the Senator's position as to that. I think we are making a great mistake when we do it.

Mr. PEPPER. I thank the able Senator from New Jersey for his characteristically generous expression.

We find that if this proviso were adopted the House of Representatives would have us not only redefine "agricultural worker," as that term is defined in the National Labor Relations Act, but would have us set aside a decision of the Ninth Circuit Court of Appeals and of the

Supreme Court of the United States. And they would not do it in a forthright way, in a straightforward bill or resolution, but they would do it through a rider on an appropriation bill.

Mr. President, I am sure the Senate wishes to face matters of this sort frankly and forthrightly. If Senators disagree with the definition of "agricultural labor" made by the National Labor Relations Board administratively, and affirmed by the Ninth Circuit Court of Appeals and the United States Supreme Court, they would wish to face the matter directly, and introduce appropriate legislation to change the definition, but I am sure that no Senator would wish by the processes of proviso and rider to an appropriation bill indirectly to attempt to achieve that result. On the contrary, Mr. President, from the House of Representatives—and I say it, of course, in no disparagement of our sister body, but as a factual statement—from the House of Representatives has been coming for the last several years just such an attempt as this with respect to what they call agricultural labor. They have tried in session after session to apply this almost all-covering Social Security Board definition of agricultural labor to the National Labor Relations Board so that the National Labor Relations Board could not give the protection of the National Labor Relations Act to workers who were engaged off the farm in packing and in processing agricultural commodities.

The question was raised: Is it important to the packing house workers and the processing workers whether or not the proviso is adopted? Let me read what the rights of employees are under the National Labor Relations Act, and then when Senators contemplate that these rights are taken away from these workers, let them determine whether the rights are important.

I read now from section 7 of the National Labor Relations Act:

#### RIGHTS OF EMPLOYEES

SEC. 7. Employees shall have the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in concerted activities, for the purpose of collective bargaining or other mutual aid or protection.

That right, Mr. President, accorded other industrial workers would, if this proviso became law, be denied to every packing shed worker, every processing worker in the United States.

But I read also from section 8 as to the rights of employees:

It shall be an unfair labor practice for an employer—

(1) To interfere with, restrain, or coerce employees in the exercise of the rights guaranteed in section 7.

Mr. President, the meaning of that is that if this rider were adopted and the worker in a packing shed attempted to form a union or to join a union or to act in concert with a union, or to bargain collectively with his fellow workers, his employer could discharge him for that reason alone, and he would have utterly no redress under the law of the land.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. AIKEN. Does not the Senator feel that the most unfair, the most vicious part of this rider is the language that "bargaining units composed in whole or in part of agricultural laborers" are deprived of their collective-bargaining rights?

Mr. PEPPER. Yes.

Mr. AIKEN. The language of the rider is "in whole or in part of agricultural labor." That means that if two or three agricultural laborers, as agricultural laborers are defined by the law, join with a thousand other industrial employees for the purpose of collective bargaining the entire thousand lose their collective-bargaining rights.

Mr. PEPPER. Yes; that is correct.

Mr. AIKEN. It does not only affect and exclude the few agricultural laborers who may be in the group, but the entire group is excluded from the bargaining rights, if they have just one agricultural worker among their number.

Mr. PEPPER. Yes. There could be an automobile plant near a packing shed, and if the members of the automobile union had one of these packing shed workers as a member of the union, then that union, by this rider, would be entirely denied redress under the law and the protection of the National Labor Relations Act and the National Labor Relations Board.

Mr. AIKEN. That is clearly the joker in this rider, and it is very clearly a part of the program to destroy labor unions by any means whatsoever. Of course, the attaching of a rider to an appropriation bill is becoming altogether too popular a method.

Mr. PEPPER. The Senator is absolutely correct.

Mr. President, I now read paragraph (2) of section 8 as to the rights of employees under the Wagner Act. These things are unfair labor practices:

(2) To dominate or interfere with the formation or administration of any labor organization or contribute financial or other support to it.

Mr. President, if this proviso were to become law it would mean that management could forbid the formation of a labor organization among its workers, and discharge all who persisted in such an effort, and, as I said, those workers would have no lawful redress under the laws of this land, as other Senators have already pointed out. What redress would they have left except the strike and perhaps, resort to violence? Certainly they would have no redress except interruption of work in an essential industry.

Mr. President, to adopt the amendment is to throw the adjudication of rights of a civil character back to the law of the jungle and take them out of the processes of judicial tribunals. The amendment denies workers a lawful right to complain and to be heard, and forces them back to self-help. It forces them to adopt the simple plan:

The simple plan,

That they should take who have the power,  
And they should keep who can.



I read again as to what constitutes an unfair practice under the Wagner Act:

(3) By discrimination in regard to hire or tenure of employment or any term or condition of employment to encourage or discourage membership in any labor organization.

That means, Mr. President, that employers cannot do that to employees who are covered by the National Labor Relations Act. If they do so, the workers adversely affected can appeal in a lawful way by petition to the National Labor Relations Board. They can be heard, and if their complaint is found to be justified in fact, then the National Labor Relations Act authorizes the Board to apply to a court, and to have one of the courts ordinarily in the regular judicial process order the employer to desist and cease from such an unfair practice. But if this rider became law and a half dozen workers in a packing plant in my State, or in California, or in any other State of the Union, should try to organize a union, as they have a right to do, and try to bargain collectively, as they have a right to do as citizens of this land, the employer could come in the next morning and say "Half of you are discharged; the wages of the other half are cut in half." Not only that, but he could say "I am going to take away all your seniority rights, and I am going to put every one of you to the performance of the most obnoxious job in this plant," if he permitted them to keep any jobs at all. They would have absolutely no redress under the law of the land. Mr. President, that is going backward in civilization instead of forward. That is, however, what some of the Members of Congress would resort to in order to strangle working men and working women.

I read another unfair practice which is forbidden under the Wagner Labor Act:

(4) To discharge or otherwise discriminate against an employee because he has filed charges or given testimony under this Act.

The laws of the land, Mr. President, protect witnesses against intimidation, coercion, and punishment if they testify in a lawful proceeding. Yet, that right would be stripped away from packing-shed workers if this rider were to become the law.

I read the fifth unfair labor practice forbidden by the Wagner Act:

(5) To refuse to bargain collectively with the representatives of his employees, subject to the provisions of section 9 (a).

Mr. President, that means that the packing-shed workers could decide that they wanted to bargain collectively with the employer, as they have a right to do, and yet, if they went to their employer in the most diffident and deferential way and stated their purpose, he could throw every one of them out of his office, out of his plant, refuse to reemploy them, and they would have no redress under the law of the land. That I say is going backward instead of forward.

We all know what the proponents of the amendment are getting at. The rider was offered by Representative ELLIOTT, of California. There are plenty of people in my State who if they had

been in Congress would also have been willing to be authors of the amendment. Some of the large farmers of my State are just as antagonistic toward labor, are just as vindictive toward labor as some of the large farmers of California; so I am not singling out that fair rival of Florida's, the State of California, in what I say, because this is something which applies, of course, with equal force to the entire Nation. The reason I mention the fact that it came from California is because there has been an organization in California called the Associated Farmers. I am not asking Senators to take my word or draw upon their imagination, but to consult the records of the Senate as to what the attitude of the Associated Farmers of California—and again I say they are no worse than many of their counterparts throughout the land—has been toward their working people. I refer to the investigation by the La Follette committee, carried on so ably by the distinguished Senator from Wisconsin [Mr. LA FOLLETTE] and the distinguished Senator from Utah [Mr. THOMAS]. Mr. President, the records of those hearings are replete with coercion and intimidation and punishment, and almost every unfair labor practice known to the active imagination of labor haters. They keep on eating away at the National Labor Relations Act. At nearly every session of the Congress they have tried to get such a provision as this into the law in order to impair the authority of the National Labor Relations Board to protect these workers in the exercise of their civil rights. If we accede to the motion made by the able Senator from Nevada we shall finally let them accomplish their purpose.

When I speak of the motion of the able Senator from Nevada I do so in no way as a disparagement of the effort of the Senator from Nevada and other Senators to prevent this purpose from being consummated. It will be recalled that this rider came here from the House of Representatives. There was a hearing upon the rider before a subcommittee of the Senate Committee on Appropriations headed by the able Senator from Nevada [Mr. MCCARRAN]; and I believe the subcommittee unanimously rejected the rider. Then the question came before the full Appropriations Committee of the Senate, one of our very able and powerful committees. There again the rider was rejected. It came to the Senate, and the Senate supported its Appropriations Committee and rejected this insidious and invidious rider. We thought that when the bill went back to the House of Representatives that body would not insist upon violating the rules of the Senate that legislation is not supposed to be added to an appropriation bill, and would not persist in its purpose to emasculate the National Labor Relations Act with respect to the packing-house and processing workers engaged in packing and processing agricultural products.

On the contrary, I regret to say, instead of yielding, as the able Senator from Nevada has pointed out, the House of Representatives has had two votes upon the subject. It is holding up the consummation of the entire appropriation bill affecting the Department of Labor

and the Federal Security Agency, so determined is it to strike down the rights of the agricultural workers engaged in these industrial occupations in the packing sheds and in the processing operations, and so determined is it to strike down the legal rights of those workers under the law and under the decisions of the courts.

Those of us who have been in the packing sheds know, as the court said in the Whittier case, that for all practical purposes the operations are industrial operations. They are performed through the use of machinery. The employees go to work at a regular time and depart at a regular time. A chain process is employed, and in every characteristic it is an industrial operation.

Why should those workers be deprived of rights which other industrial workers enjoy merely because they happen to be working upon oranges, apples, grapefruit, or some vegetable that comes out of the field? We might just as well exclude all the packing-house workers in the great meat-packing industry on the ground that meat comes from the ranges. It is just as logical to say that the packing-house workers in Chicago are not industrial workers because meat from all over the land is processed and prepared for market in those plants. It is just as logical to say that they are not industrial workers, and are not entitled to the protection of the National Labor Relations Act, as to say that the packing-shed workers in the many States economically affected by this rider are not industrial workers.

This amendment would change the administrative definition of agricultural workers which has been enunciated by the National Labor Relations Board, and change the interpretation of agricultural labor by the United States Supreme Court.

I cannot believe that Members of the Senate are willing to acquiesce in this policy and practice of our sister body. Senators well know that one of the actuating impulses behind this amendment is the fact that packing-shed workers are beginning to organize in all sections of the country—at least in my State, and in other States of the Union. They have a perfect right to do so. I have stated on the floor of the Senate more than once that I welcome the organization of workers in every part of the land. That is the only way by which they can protect themselves. Their only protection is the principle of strength in unity and union. I do not want them to engage in practices which are not lawful or right. I do not want them to abuse their power any more than I want the employer to abuse his power. But they have just as much right to organize a pool of workers and act in concert as have men and women with money to place their dollars in a pool and act in concert through management. It seems to me that the greatest safeguard of the national welfare and security lies in the balancing of the strength of the one against the other, properly umpired under the laws of the land.

The House is not complaining about the right of investors to organize dollars. It is not complaining about the right

of stockholders to act in concert through their directors. It is not quarreling over the right of directors to act in concert through their executives. Organized dollars and organized management speak through a single executive. Neither am I quarreling with that principle. Management has a perfect right to organize. But, Mr. President, the workers have the same right. To take that right away from one class and leave it to the other is a discrimination which is unfair to the working people of the United States.

When labor organizers go into the South and into other sections of the country and attempt in a peaceful manner to organize the workers, how are they met? In some places they meet violence, I regret to say. In some they see the monstrous head of an iniquitous Ku Klux Klan trying to deter them from the exercise of their civil rights. In other cases vigilantes ferret them out in the night and try to punish them for exercising the right of American citizens. In other cases a hostile and vindictive management meets them at the threshold of the plant and tells them that if the workers even look sympathetic toward an organization every one of them will lose his job. Moreover, those who do attempt to organize will probably lose their jobs. Those who do not lose their jobs will lose their seniority; and those who do not lose either will probably be put to work at tasks which are so obnoxious that out of self-respect, if nothing else, they will quit. That is the objective which many will strive to achieve.

When we face that kind of a situation, and when we have in the law of the land today a procedure by which such disputes may be peacefully solved, are we willing, at the insistence of the House of Representatives and of the Associated Farmers of California or of other sections of the country, to deprive the working people of a peaceful means of redress in labor disputes?

It seems to me that management should not favor such legislation as this, because obviously it will lead to violence; it will lead to strife; it will lead to strikes. Yet we say that we do not want strikes. We say that we do not want violence. Then why take away from these workers the right of redress in a judicial or administrative tribunal, which right they have under the law at the present time?

We have had no experiences under the present system which makes such an amendment as this necessary. The decision from which I read was rendered in 1940. For more than 6 years we have been governed by the procedure laid down by the Circuit Court of Appeals of the Ninth Circuit and affirmed by the United States Supreme Court. For more than 6 years the National Labor Relations Act has made the definition of agricultural labor inapplicable to the packing-shed worker, as it is inapplicable to the canning worker. We have been living under that system for more than 6 years, including the dangerous period of the war. Why change it, Mr. President?

The reason we have been living under that kind of lawful procedure is that time after time in the past 6 years the Senate has done what we are asking it to do today, namely, refuse to accede to

the effort of the House of Representatives to emasculate the National Labor Relations Act, and rob the packing shed and processing workers of their right to lawful redress.

In the first place, this proposal is wrong. It is a discrimination against a group of workers which is unjustified. It is a punitive, vindictive effort to strike down the civil rights of these citizens.

In the second place, it would foment strife and dispute, instead of preserving industrial peace in this great and essential industry.

In the third place, it is intended to reverse and set aside not only an administrative adjudication, but the decision of the highest court of the land on this particular subject.

In the fourth place, it proposes to accomplish that purpose, not in a forthright way by legislation, but through a rider to an appropriation bill, which denies us the opportunity fairly to debate the subject and consider it in committee and determine the question.

In the next place, Mr. President, it is, by circumlocution, giving the House of Representatives the power to violate the rules of the Senate, and encouraging it in that vicious practice. The rules of the Senate do not permit legislation to be added to an appropriation bill, for obvious wise reasons. Yet if we permit this practice to continue, if we do not say "No" and stop it, if the House of Representatives is not told that if it wants appropriations for this Government it must confine bills to appropriation subjects, the abuse will grow greater and greater with each appropriation bill that comes to this body.

It seems to be, therefore, Mr. President, that the only proper course for the Senate today is to disagree to the motion made by the able Senator from Nevada, and to say that we will not adopt the recommendation to recede from the Senate amendment. On the contrary, let us vote "no." If a majority of the Senate votes "no" this matter will go back to conference, and we shall say to the House of Representatives that we, too, have deep-seated convictions upon this subject. Our conferees will be in a position, supported by the authority of the Senate, to insist that this bad practice of attempting to legislate upon appropriation bills be stopped. The settlement of appropriation bills will be confined strictly to appropriations, and this unjust, unjust, and improper rider which is before us will be eliminated.

So, Mr. President, I hope the vote will be "nay" upon the motion of the Senator from Nevada.

If other Senators desire to speak on the question, of course, I do not wish to suggest the absence of a quorum at this time. But I think this matter is of such vital importance that we should have a yea-and-nay vote on it. So if other Senators do not intend to address themselves to the subject, I desire to suggest the absence of a quorum.

Mr. WAGNER. Mr. President, will the Senator withhold the suggestion for a moment?

Mr. PEPPER. I withhold it, at the suggestion of the Senator from New York.

Mr. WAGNER. Mr. President, the distinguished Senator from Florida has made such a splendid address and has covered the subject so well that I do not care to make a long statement; but I wish to assert that I hope the Senate will not vote for the motion of the Senator from Nevada, because the whole question involved is one of collective bargaining, and we should uphold the position of the Senate itself, and should vote "nay" on the motion.

In the past there have been times when legislation to do this very thing was proposed, but it never got anywhere either in the House or in the Senate.

So the effort has been made recently, for the second or third time now, to put a rider on an appropriation bill, with the thought that in that way it might be possible to force the adoption of the provision and to destroy the right of collective bargaining on the part of a certain group of our people, having in mind the group of packing-house workers, who are the lowest paid of any group in our economic society today. Mr. President, this is an effort to deprive them of the right to organize and bargain collectively. I recall the period when the Senate was considering the so-called Wagner bill. At that time industry after industry used all the methods at their command in the effort to deprive the workers of the right of collective bargaining.

The present effort is of the same sort. We should stand firm for these unfortunate people, whom others are attempting to deprive of the right of collective bargaining. They now have that right under the National Labor Relations Act. The Social Security Act, however, contains a very broad definition of the term "agricultural worker." As the distinguished Senator from Vermont [Mr. AIKEN] said a little while ago, in the case of a thousand workers who are employed in a packing plant which is industrialized—and, by the way, it is no longer an agricultural industry; it has become industrialized—perhaps one or two members of the organization are doing agricultural work. In that case, under the definition, a union cannot be organized; or if it is already organized, it will be deprived of any right of collective bargaining under the National Labor Relations Act.

So, Mr. President, on the pending question the issue is clear. Those who vote "yea" will vote to deprive these workers of the right to bargain collectively. Those who vote "nay" will say to the House of Representatives, "We will not permit this method of indirection to be used to try to deprive the workers of a right which under a separate bill could not be denied them either in the Senate or in the House of Representatives."

So, Mr. President, I hope and pray that the Senate will stand firm.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. AIKEN. I am sure the Senator from New York has observed that during this debate not one Senator has risen to defend the so-called Elliott rider. The only reason given why we should vote to accept the rider is that the House has



voted for it by a record vote of almost 2 to 1.

Mr. WAGNER. Yes.

Mr. AIKEN. Does not the Senator from New York think, even though the House by a vote of 400 to 1 might vote to deprive a large segment of our people of the rights guaranteed them under the law, that still would not give any Member of the Senate any particular license to vote to follow that wrong or to put it into effect?

Mr. WAGNER. I agree absolutely with the Senator.

Mr. AIKEN. That is the only reason that has been given us as to why we should vote to accept the Elliott amendment.

Mr. WAGNER. And I think it is an invalid reason.

Mr. PEPPER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hawkes	Overton
Austin	Hayden	Pepper
Ball	Hill	Radcliffe
Barkley	Hoey	Reed
Bridges	Huffman	Revercomb
Briggs	Johnson, Colo.	Robertson
Brooks	Johnston, S. C.	Russell
Buck	Kilgore	Smith
Burch	Knowland	Stanfill
Bushfield	La Follette	Stewart
Byrd	Langer	Swift
Capehart	McCarran	Taft
Capper	McClellan	Taylor
Carville	McKellar	Thomas, Okla.
Chavez	McMahon	Thomas, Utah
Cordon	Magnuson	Tobey
Donnell	Mead	Tunnell
Downey	Millikin	Wagner
Eastland	Mitchell	Walsh
Ferguson	Moore	Wherry
Fulbright	Morse	White
Gossett	Murdock	Wiley
Green	Murray	Wilson
Guffey	Myers	Young
Gurney	O'Daniel	
Hart	O'Mahoney	

The PRESIDING OFFICER. Seventy-six Senators have answered to their names. A quorum is present.

Mr. MEAD. Mr. President, I shall detain the Senate for only a short time. I have been attending a committee meeting, and I understand that the Senate is about to vote on the so-called Elliott rider. I was a member of the subcommittee, and also the full committee, both of which considered the matter. I presume that it has been pointed out that the subcommittee, as well as the full committee, took decided action with regard to this question, which was affirmed by the Senate, but not by a record vote. I understand that the other House took a record vote before the Senate voted, and also one record vote since the Senate voted. I hope that we will have a record vote, and that it will sustain the committee so that the bill, containing the Senate amendment striking out the Elliott amendment may be sent back to the other House. The unfairness which would result by adoption of the Elliott rider has been pointed out, as well as the attitude which has been taken by the circuit court of appeals and by the United States Supreme Court. Mr. President, I hope we will stand by the action which was taken by the subcommittee and the full committee of the Senate, and vote against the Elliott rider.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Nevada [Mr. McCARRAN] that the Senate recede from its amendment numbered 39.

Mr. BALL. Mr. President, on this question I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. McCARRAN. Mr. President, as has been stated on the floor of the Senate, the so-called Elliott rider, which was put into the bill on the floor of the House of Representatives, was stricken by an overwhelming vote in the subcommittee and the full Committee on Appropriations of the Senate. On each occasion I voted to strike out the Elliott rider.

We now have arrived at the place where no longer can the conferees on the part of the Senate act without further instructions from the Senate, and they have directed me to make the motion which I have already made. I have made the motion so that the Senate may vote positively and emphatically whether it wishes to recede from its amendment No. 39 and thus retain the rider in the appropriation bill.

Mr. President, if there is one thing which I dislike above all else in connection with appropriations, it is the writing of legislation in appropriation bills. The rule of the Senate is that when a legislative rider is placed in an appropriation bill, the Senator in charge of the bill on the floor of the Senate shall raise the point of order. The Elliott rider was placed in the bill by the other House.

I wish to say that on this question I shall vote to sustain my own motion, but if I am voted down it will not break my heart.

Mr. MURDOCK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MURDOCK. As I understand, a vote "nay" will be against the Elliott rider. Am I correct?

The PRESIDING OFFICER. The Senator is correct.

The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk called the roll.

Mr. HILL. I announce that the Senator from Florida [Mr. ANDREWS] and the Senator from North Carolina [Mr. BAILEY] are absent because of illness.

The Senator from South Carolina [Mr. MAYBANK] and the Senator from Montana [Mr. WHEELER] are absent by leave of the Senate.

The Senator from Mississippi [Mr. BILBO] and the Senator from Arizona [Mr. McFARLAND] are detained on public business.

The Senator from Georgia [Mr. GEORGE] and the Senator from Illinois [Mr. LUCAS] are detained at an important meeting of the Joint Committee To Investigate the Pearl Harbor Attack.

The Senator from Rhode Island [Mr. GERRY] is unavoidably detained.

The Senator from New Mexico [Mr. HATCH] is absent on official business, having been appointed a member of the President's Evaluation Commission in connection with the test of atomic bombs on naval vessels at Bikini.

The Senator from Louisiana [Mr. ELLENDER] and the Senator from Mary-

land [Mr. TYDINGS] are absent on official business, having been appointed to the commission on the part of the Senate to participate in the Philippine independence ceremonies.

The Senator from Texas [Mr. CONNALLY] is absent on official business, attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State. He has a general pair with the Senator from Michigan [Mr. VANDENBERG].

If present and voting, the Senator from Illinois [Mr. LUCAS], the Senator from South Carolina [Mr. MAYBANK], and the Senator from Montana [Mr. WHEELER] would vote "nay."

Mr. WHERRY. The Senator from Michigan [Mr. VANDENBERG] is absent on official business attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State. He has a general pair with the Senator from Texas [Mr. CONNALLY].

The Senator from Massachusetts [Mr. SALTONSTALL] is absent on official business, having been appointed a member of the President's Evaluation Commission in connection with the test of atomic bombs on naval vessels at Bikini.

The Senator from Iowa [Mr. HICKENLOOPER] is absent by leave of the Senate on official business as a member of the Special Committee on Atomic Energy.

The Senator from Maine [Mr. BREWSTER] and the Senator from Nebraska [Mr. BUTLER] are absent on official business, being members of the commission appointed to attend the Philippine independence ceremonies.

The Senator from Minnesota [Mr. SHIPSTEAD] is absent by leave of the Senate.

The Senator from Indiana [Mr. WILLIS] is necessarily absent.

The result was announced—yeas 23, nays 53, as follows:

#### YEAS—23

Ball	Gossett	O'Daniel
Bridges	Gurney	Overton
Buck	Hart	Reed
Burch	Hawkes	Robertson
Bushfield	Hoey	Swift
Byrd	McCarran	Wherry
Capper	McClellan	White
Eastland	Moore	

#### NAYS—53

Aiken	Johnson, Colo.	Radcliffe
Austin	Johnston, S. C.	Revercomb
Barkley	Kilgore	Russell
Briggs	Knowland	Smith
Brooks	La Follette	Stanfill
Capehart	Langer	Stewart
Carville	McKellar	Taft
Chavez	McMahon	Taylor
Cordon	Magnuson	Thomas, Okla.
Donnell	Mead	Thomas, Utah
Downey	Millikin	Tobey
Ferguson	Mitchell	Tunnell
Fulbright	Morse	Wagner
Green	Murdock	Walsh
Guffey	Murray	Wiley
Hayden	Myers	Wilson
Hill	O'Mahoney	Young
Huffman	Pepper	

#### NOT VOTING—20

Andrews	George	Saltonstall
Bailey	Gerry	Shipstead
Bilbo	Hatch	Tydings
Brewster	Hickenlooper	Vandenberg
Butler	Lucas	Wheeler
Connally	McFarland	Willis
Ellender	Maybank	

So Mr. McCARRAN's motion to recede was rejected.

Mr. McCARRAN. Mr. President, I move that the Senate further insist on

its amendment, request a further conference with the House thereon, and that the Chair appoint the same conferees at the further conference.

The motion was agreed to; and the Presiding Officer appointed Mr. MCCARRAN, Mr. MCKELLAR, Mr. RUSSELL, Mr. MEAD, Mr. MURDOCK, Mr. WHITE, Mr. BALL, and Mr. BRIDGES conferees on the part of the Senate at the further conference.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 4080) to amend section 476, Revised Statutes (U. S. C., title 35, sec. 2), providing for officers and employees of the Patent Office, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. BOYKIN, Mr. LANHAM, and Mr. HARTLEY were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6777) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes; that the House receded from its disagreement to the amendments of the Senate numbered 2, 3, and 4 to the bill, and concurred therein, severally with an amendment, in which it requested the concurrence of the Senate, and that the House insisted upon its disagreement to the amendment of the Senate numbered 1 to the bill.

#### APPROPRIATIONS FOR THE TREASURY AND POST OFFICE DEPARTMENTS, 1947

Mr. GREEN. Mr. President, I move that there be laid before the Senate the action of the House on Senate amendment numbered 7 to House bill 5452.

The motion was agreed to, and the Presiding Officer laid before the Senate a message from the House of Representatives announcing its action on a certain amendment of the Senate to House bill 5452, which was read, as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,  
July 11, 1946.

*Resolved*, That the House further insist upon its disagreement to the amendment of the Senate numbered 7 to the bill (H. R. 5452) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1947, and for other purposes.

Mr. GREEN. Mr. President, I move that the Senate recede from its amendment numbered 7, which is the only point in difference between the Senate and the House.

Mr. MCKELLAR. Mr. President, before action is taken on the motion, I think it should be stated what the motion affects.

What is before the Senate is the so-called silver amendment. Several days ago we had a vote on it, and while I do not believe there was a yea-and-nay vote, by a considerable majority a com-

promise amendment was adopted and sent to the House, but was rejected by the House.

The provision which the Senate had under consideration was put into the Treasury and Post Office appropriation bill by the House, so it was not subject to a point of order in the Senate. If it had been, I would have made the point of order, and disposed of the matter in that way. The provision should not be a part of the Treasury and Post Office appropriation bill. It has tied that bill up for 2 or 3 months, if I remember the dates correctly. Today is the 12th of July, and on the 15th, unless the bill is passed, the employees of the Treasury Department and the Post Office Department will be without pay, as they are paid twice a month, on the 15th and the 1st.

The more closely I have examined the silver situation the worse it has grown, so far as I am able to determine. I have found by actual purchase of silver articles that silver has risen in price three or four times what it used to be, while everything else was held down by price controls or otherwise.

It is proposed that the Government sell silver to the manufacturer of silver commodities at 71 cents an ounce. The provision is "not less than 71 cents an ounce." When we have passed the law, it has always been taken to mean 71 cents an ounce, and the Treasury sells it to the silver manufacturers at 71 cents, a very low price for silver.

Who will make the profit, with the prices of manufactured silver articles as high as they now are, when the manufacturers can get silver from the Government, if the amendment shall be agreed to, at the low price provided? It will be the manufacturers, and of course the manufacturers are very much in favor of it. I do not blame them. Anyone who is getting something out of the Government at a low price, or getting something for nothing, is always, of course, very much in favor of it, and the manufacturers of silver are very much in favor of leaving the law as it is, because they get this subsidy from the Government; that is what it amounts to.

Mr. BARKLEY. Mr. President, will the Senator from Tennessee yield?

Mr. MCKELLAR. I yield.

Mr. BARKLEY. Is it or not true that the manufacturers who buy silver from the Government at the 71-cent rate are in competition with silver manufacturers who pay the market price for silver outside the Government's supply?

Mr. MCKELLAR. If they buy it outside, of course they are.

Mr. BARKLEY. The price of the silver finished product is approximately the same, to those who buy it, whether the manufacturer pays 71 cents, or 90 cents, or whatever the price may be. I think the market price now is about 90 cents. In other words, the manufacturers do not make any reduction in the price of the finished product because they get the silver at 71 cents instead of 90 cents?

Mr. MCKELLAR. Oh, no; they do not make any reduction. What they are getting is a subsidy from the Government, if we adopt the provision suggested. I think it would be little short of outrageous for us to agree to such a

provision as that for the benefit of a very small portion of our population. I do not think we should do it.

Mr. BARKLEY. If the Senator will permit, I have here a statement issued yesterday by Handy & Harmon, precious metal merchants with offices at 82 Fulton Street, New York, dated July 11, in which it is said:

The issue over release of Treasury silver is still in the hands of the Senate-House conference committee and no agreement has been reached as yet.

Meanwhile, in the absence of any OPA ceiling, silver has been offered in the market today, and we have established a New York official quotation of 90½ cents.

It has been possible for us to buy silver today, so we will sell to customers as we always have, on the basis of the current day's quotation.

That is 90½ cents.

Mr. MCKELLAR. Mr. President, of course it is absolutely unfair and unjust to give a small body of our citizens this gratuity, this subsidy, at the expense of all the people, and no legislative body ought to be guilty of permitting such a thing. I do not have the slightest interest in silver in any way, shape, or form, except as I get a few dimes and quarters and half-dollars occasionally. I am not interested in the slightest degree in silver. I am not interested in the manufacturers of silver. Two or three manufacturing houses in my State that have written me favor the subsidy, but I feel that it is my duty as a legislator to do what is the right thing toward all the people, and the right thing in this case is not to grant the subsidy. Incidentally, I have no doubt I may lose a few votes on account of my position, because when a Member of Congress does not vote for what some of his constituents want they will be against him. I will have to take that chance and I am taking it in this matter. There are no voters on the other side of the question. So the matter of votes does not enter into the equation in my consideration of the question.

With the world price of silver what it is, I do not think this body ought to sell silver to the favored few at 71 cents an ounce and allow them to sell it at the enormous increase in prices at which they are selling it today, amounting to \$3 or \$4 an ounce, after it is manufactured. For that reason I appeal to the Senate, just as I appealed to the Senate the other day to vote down the motion made by the Senator from Rhode Island.

The Senator from Arizona [Mr. HAYDEN] and I—the Senator from Arizona doing most of the work—arranged this compromise and put it forward. We thought it would be acceptable to everyone. It ought to have been acceptable to everyone. No one should have objected to its terms. The price of silver being what it is today, the compromise would do no one any harm. It would give no one a subsidy. It would not favor a group that ought not to be favored. We ought to be fair and just in this matter, and for that reason, much as I love the Senator from Rhode Island personally, I hope his motion will be voted down. I am very anxious that it be voted down. I ask the Senate to repeat the vote it made the other day, and



uphold the compromise which was then adopted.

Mr. HAYDEN. Mr. President, I have read the RECORD of what occurred in the House with respect to this matter. One of the statements made upon the floor was:

The Senate acted entirely without a roll call and without consideration of the merits of this matter after the House had a roll call. They asked for a conference without any authority to go to a full and free conference, which is something we should not do.

The House totally misunderstood the attitude of the Senate with respect to a full and free conference. What the Senate did was to say, "We will agree with the House that we will not advocate \$1.29 for silver." We offered them a compromise at a lower price, which was 90.3, and we would go to conference and talk with the House conferees about it. Of course it would still be a free conference. Only day before yesterday when a conference was held in the Appropriations Committee room on the Government corporations bill, the House conferees came instructed not to agree to a Senate amendment providing for a fertilizer plant at Mobile, Ala. Because they came instructed we did not decline to meet with them. Under these circumstances my suggestion is that the Senate have a yea-and-nay vote, that it vote down the motion made by the Senator from Rhode Island, and that then the Senate ask for a further conference with the House. I think if we go to conference after such action we can arrive at a compromise. A compromise is asking someone who asks more to ask less, and someone who offers less to offer more. That is what we can do, and we can adjust the matter if we go to a conference of that kind. What the House did was to decline to appoint conferees. We have to ask them for a conference again, and should do so after we have had a yea-and-nay vote. I therefore ask for the yeas and nays on the motion made by the Senator from Rhode Island.

The yeas and nays were ordered.

Mr. BROOKS. Mr. President, I desire to reiterate what I said on a previous occasion when this question was under consideration, and to ask that the Senate action be reversed. We were told that we had to hurry and agree to the compromise in order to provide for paying the employees of the Treasury Department and the Post Office Department. It was said that the proposed compromise had not been voted on by the House. We agreed to the compromise, and then the House voted "no." Now it is proposed that we take one more jab at what the House has three times refused to do.

Mr. HAYDEN. The House has never voted on this proposition. The last vote the House had with respect to the measure was whether it would agree to a dollar and 29 cents an ounce. We knew they would not agree to that. Anyone who was familiar with conditions there, as a great many Senators are, must have known that the House would not agree to that.

Mr. BROOKS. What did the House vote on since the Senate voted last?

Mr. HAYDEN. The House simply declined to have a further conference, because the House apparently did not like the way we went at it and instructed our conferees. But we should not instruct our conferees this time. We can simply vote and go back to a conference without instruction. We can come to an accord in the matter.

Mr. BROOKS. Mr. President, I desire to speak in behalf of the motion made by the Senator from Rhode Island. I am, of course, interested in the situation respecting the employees of the two departments, but I am more interested in the way the legislation concerning silver has been held up in the Senate, thereby forcing out of employment all over the country, hundreds and thousands of employees who are engaged in photographic work, in the manufacture of jewelry and in the manufacture of silver articles. Some of us have been pleading for months to get some action on this subject. Three times the House has said it will not go above 71 cents. I think it will be a futile thing to go back to the House again.

I wish to say once more that constantly I have been opposed to subsidies. It is rather strange to hear, in connection with the silver situation, the cry raised against a subsidy which is small in comparison with the subsidies for which the Senate has voted time after time.

Mr. HAYDEN. The Senator may not be aware that the trade is willing to pay the price represented by the compromise. The fact is that the market price, as it was read into the RECORD today, is 90 cents. The difference between that and 71 cents, on 100,000,000 ounces of silver, which is about what will be purchased, will mean \$20,000,000 to the Treasury of the United States. That is what it will mean to the Treasury of the United States if the manufacturers buy silver at the market price of approximately 90 cents, as compared to 71 cents. We should ask the manufacturers to pay the market price.

Mr. BROOKS. My plea is, Mr. President, that we have some action. Three votes have been taken in the House, which show that the House has made up its mind on this question.

Mr. MEAD. Mr. President, will the Senator yield?

Mr. BROOKS. I yield.

Mr. MEAD. I am in sympathy with the position my colleague from Illinois has taken in this matter. I believe he has stated the House position accurately, with the exception that the House provision will permit the Treasury to pay a sum in excess of 71.1 cents an ounce, if it is the determination of the Treasury to do so. In other words, it puts the floor at 71.1 cents, below which the Treasury will not go, but it can go higher. Therefore it occurs to me that we ought to agree with the House because, as my colleague from Illinois has well said, the House has taken a determined stand on several occasions, and we have only been postponing action by what we have done heretofore. I should like to see a record vote taken, and I should like to see the position of the Senate more in harmony with the position taken by the House.

Mr. BROOKS. I thank the Senator.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. BROOKS. I yield.

Mr. REVERCOMB. I should like to address this question to the Senator from Arizona. Was I correct in understanding him to say that if the matter went to conference there was the possibility of a compromise below the 90.3 cents?

Mr. HAYDEN. If we go to a free conference we can come to any particular point we want to. We can go to conference and recede, and agree with the House. We can go to conference and agree to make the price \$1, so far as the conferees are concerned. I would not advocate anything of that kind, because the Senate has voted that the price should not be more than 90.3. As a conferee I would feel that we could not ask more than that.

Mr. REVERCOMB. That is the point I want to bring out. If a further conference is had, the price may be raised above 90.3?

Mr. HAYDEN. No; as a conferee representing the Senate I myself would not feel that anything like that would be justified.

Mr. BROOKS. Would the Senator feel that a compromise between 71 cents and 90 cents was within the province of the conferees?

Mr. HAYDEN. Certainly.

Mr. BROOKS. Very well. I hope the motion of the Senator from Rhode Island will prevail.

Mr. TAFT. Mr. President, we have had this silver question before us all of this session. From the very beginning I was appealed to to try to have silver made available here, simply because enough silver to supply the American industry was not available in the rest of the world. It seemed to me that those interested in silver ought to be able to pay the world price for silver, whatever it may be. But silver is so controlled that as a practical matter the Government fixes its price. The Congress fixes the price of silver, and when we come down to the ultimate analysis of what we should do we must determine what is a fair price for silver. I do not see any way that we can avoid that question.

I myself think that 90 cents is a fair price for silver for the next 2 years. I objected very strenuously to going beyond that point and fixing a price of \$1.29, but, so far as the present price is concerned so far as we can judge from world price figures—and they are not very reliable because the Government has control of the price—90 cents is a fair price from the point of view of supply and demand. Silver has not been produced during the war, so it is in short supply, and the demand is just as great as it has ever been, or even greater.

That is not a condition peculiar to the situation after this war. After the previous war, silver went to \$1.37 an ounce before it came down again. Subsequently, it came down to something like 35 or 40 cents an ounce. But, so far as we are concerned, we must determine what the fair price of silver is. Apart from the world price—the supply-and-demand price—apparently the cost of production has increased in the case of silver as it has increased in the case of all other

articles. It seems to me that the increase in price from 72 cents to 90 cents is a very fair estimate of what the increased cost of producing silver is. If we have the obligation of fixing the price, I think it should be fixed at 90 cents. I believe that the compromise reached between producers and users of silver was very fair and in accord with general conditions which exist throughout the world.

I talked with several House Members this morning, and the objection they made was, "The Senate has never taken a vote on the subject. We think that perhaps only a few Senators favor a price of 90 cents, and that if a vote is taken some other figure will be favored." So I believe that if we take a vote and determine that 90 cents is a fair price—and I believe it is—the House will accept it.

I hope very much that the motion of the Senator from Rhode Island will be rejected.

Mr. WALSH. Mr. President, I should like to make some inquiries of the Senator from Rhode Island.

I understood the Senator from Rhode Island to state on the floor of the Senate the other day that the Treasury Department made no objection to the price of 71.11 cents. Is that correct?

Mr. GREEN. I stated that the Secretary of the Treasury wrote to the Senate Banking and Currency Committee, when the Green bill was before it and hearings were being held, that he favored the bill. The bill calls for a price of 71.11 cents.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. WALSH. In a moment.

During the debate 2 days ago the able Senator from Arizona [Mr. HAYDEN] read a letter from the Treasury Department. From the first reading of the letter it would appear that the Treasury Department had taken a different position. As I read the letter—and I ask the Senator if this is true—the position of the Treasury is that if the Congress wishes to increase the price, the Treasury will go along with it; but it has not changed its position as previously presented to the committee.

Mr. GREEN. I have not seen the letter. I heard it read on the floor of the Senate. But as I heard it read, it seemed to me entirely consistent. The Secretary did not say that he had changed his position as to the price of 71.11 cents in the original bill. As I understand, he stated that if the Congress should determine to fix a price of 90 cents, he would go along with it. Of course he would.

Mr. WALSH. I have the letter before me. It reads, in part, as follows:

If the Congress should decide that Treasury silver is to be made available for industrial use only at a price of approximately 90.3 cents an ounce, and at the same time that the price paid by the Treasury for newly mined domestic silver should be increased to approximately 90.3 cents an ounce, the Department would not be disposed to object. On the other hand, the Treasury would be strongly opposed to any legislation ultimately increasing the price paid by the Treasury for newly mined silver to \$1.29.

I interpret that statement to mean that the Treasury said that it was up to the Congress. But when the bill was first

presented apparently the Treasury Department was content with the prevailing price, namely, 71.11 cents.

Mr. GREEN. Very true; and so far as I know it has never contradicted that position.

Mr. WALSH. The Senator is now referring not only to what was developed at the hearings, but also the results of various conversations with agents of the Treasury. Is that correct?

Mr. GREEN. The Senator is correct.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. WALSH. In a moment. As I understand, the price which the House has agreed upon would last for 2 years.

Mr. GREEN. That was the provision in the original bill.

Mr. WALSH. It is in this amendment.

Mr. GREEN. That was in the language of the House appropriation bill.

Mr. WALSH. Under the language of the bill as it comes to us from the House, it is permissible for the Treasury Department, in its judgment, to increase the price at any time during the next 2 years.

Mr. GREEN. A floor was put under the price, but there was no ceiling. The Treasury can charge not less than 71.11 cents, and it can go up to 90 cents if it feels that that is justifiable. If it wished to do so it could go up to \$1.29.

Mr. WALSH. Who originally fixed the price of 71.11 cents? Was that done by Congress or by the Treasury?

Mr. HAYDEN. I can tell the Senator the answer to that question. That price was originally fixed by an act of Congress passed in 1936. The late Senator Alva Adams, of Colorado, introduced the bill.

Mr. WALSH. But that act has been continued from year to year.

Mr. HAYDEN. No.

Mr. WALSH. For how long a time?

Mr. HAYDEN. It is permanent law.

Mr. WALSH. Why is it terminating now?

Mr. HAYDEN. It does not terminate. With respect to the price paid to American miners for producing silver mined within the United States or any of its possessions, the law provides that the seigniorage shall be 45 percent, and the miner shall receive 55 percent of the value. When we translate the 45-percent seigniorage and the 55 percent paid to the miner, it amounts to 71.11 cents.

Mr. WALSH. If no action at all were taken, and this entire amendment were eliminated, what would the price for commercial silver be?

Mr. HAYDEN. The price which the miner would receive for his silver would be approximately 71 cents. The price for commercial silver, according to today's quotation, would be 90 cents.

Mr. WALSH. Why has the price not been changed before?

Mr. HAYDEN. Because there was an OPA ceiling.

Mr. WALSH. What was that?

Mr. HAYDEN. The OPA ceiling was fixed at 71.1 cents.

Mr. WALSH. How long has that been in effect?

Mr. HAYDEN. Ever since the OPA fixed the ceiling. In the absence of a ceiling, the market price is 90½ cents.

The Senator referred to conversations with agents of the Treasury. I think it would be proper for me to say that when this compromise was under consideration at the beginning I conferred with Mr. Vinson, Secretary of the Treasury, and asked him what he thought would be a fair thing to do. He stated that Mr. White was his expert in the matter, and asked me to consult with him. I did so. When we talked about the price of 90 cents, Mr. White said, "I think that would be a fair price. It amounts to an increase of 26½ percent over the price fixed 10 years ago. Prices in general have gone up more than that. I think that would be a fair price, and the Treasury should not object to it."

That is why I contend that this letter implies that the Treasury would be entirely satisfied with that price. The same statement is repeated in a letter written by the Acting Secretary of the Treasury to the House of Representatives. The Treasury Department is satisfied at this moment with this price, and will be glad to operate under it.

Mr. WALSH. If the language in the House provision is retained, tomorrow, or after this law becomes effective, the Secretary of the Treasury can increase the price to the market price if he wishes to do so.

Mr. HAYDEN. Undoubtedly he has that privilege, but he has never previously changed the price when Congress has fixed it, and I doubt if he would do so in this case. Congress has fixed the price to the miner at 71 cents. Why should we pay the miner 71 cents and charge someone else 90 cents? It is not logical.

Mr. WALSH. In view of the insistence of the House, I think we ought to agree to the House attitude. As I understand, the House has taken two votes on the subject.

Mr. GREEN. Mr. President, will the Senator from Massachusetts allow me to finish my reply to his question?

Mr. WALSH. Certainly.

Mr. GREEN. The Secretary of the Treasury was not the only one who wrote to the Senate committee approving the bill which included the price of 71.11 cents. There were also letters—

Mr. WALSH. What date was that?

Mr. GREEN. I think that was last November. The Administrator of the Civilian Production Administration also wrote a letter to the same effect. The Administrator of the Office of Price Administration also wrote a letter favoring Senate bill 1508, which contained the same language as that incorporated in the House appropriation bill.

Furthermore, I cannot understand the violent objection on the part of some Senators to my motion based upon the letter of the Secretary of the Treasury. If the Secretary of the Treasury wishes to sell silver at 90 cents, and feels that that is a fair price, he has the authority to sell it at that price.

Mr. McKELLAR. He has never done so under the present law.

Mr. WALSH. The language is "not less than 71.11 cents." He may sell it for any additional amount he may fix.



Mr. GREEN. It is in his discretion. So what is the reason for the violent opposition to letting him have the discretion, if it is claimed that he is in favor of a price of 90 cents?

Mr. TOBEY. Mr. President, I wish to address my remarks to the Senator from Nevada [Mr. McCARRAN].

Some years ago the silver question was before the Senate, and the late lamented senior Senator from Nevada, Senator Pittman, was speaking. The question involved was an increase in the price of silver. It had already increased, and it was desired that it go still higher. Taking the disparity between the price of silver a few years ago and the price under the new legislation, I asked him how much the wages of the toilers who worked in the mines to produce the silver had increased, and whether they had increased in proportion to the rise in the price of silver. It developed from his own testimony that wages had not risen at all, while the price of silver had gone up very materially.

My question is this: Have the wages of the men who work in the mines, the toilers who produce silver, increased as the price of silver has risen? If so, to what extent?

Mr. McCARRAN. I suppose I should give the answer in percentages. At this moment I am unable to do so. However, I quote liberally from the testimony before the Committee on Appropriations. When the mine operators and owners were before the committee they testified that wages and other costs of production, such as powder, steel, and other equipment necessary for mining, had increased to a far greater extent than the increase which was sought in the price of silver.

Furthermore, and I call this matter especially to the attention of the Senate, today, with one exception, there are no straight silver mines in operation. The exception is one mine in the State of Idaho, known as the Sunshine Mine, which has a ledge that runs rich in silver. But all other silver produced in the United States today comes as a byproduct from the production of copper, lead, and zinc.

Mr. MURDOCK. Mr. President, will the Senator yield to let me speak on the question of wages.

Mr. McCARRAN. I do not have the floor.

Mr. TOBEY. I yield.

Mr. MURDOCK. I should like to call the Senator's attention to the fact that strikes in the metal mines in my State were just recently settled on the basis of a wage increase of 18½ cents an hour. That happened within the last week.

Mr. TOBEY. I am glad to have that information, because it is in such marked contrast to the testimony of the late Senator Pittman, and I wondered whether there had been some change to the benefit of the men who do the toil.

Mr. McCARRAN. Let me say that I believe it was in 1934 when the late Senator Pittman was working to get through his Silver Purchase Act, to which the Senator from New Hampshire has referred. At that time the increase in wages paid to the miners was not what

it is today. Today the situation is very different, and conditions in every respect are much different.

But I wish to recur, if I may in the Senator's time, to the point that during the war the Secretary of the Treasury came before what is known as the Silver Committee of the Senate and again requested that we cooperate with him and give our sanction, as much as we could, to having him send silver to Great Britain. We asked him why it was that he did not get silver from other sources. He repeatedly said, and I use his very expression, "Gentlemen, I have scraped the bottom of the barrel of the world to get silver." And that is true. The facts have established it since that time.

In order for us to get silver, it must be taken from the earth. In order to take it from the earth, we must meet the cost of production of silver from the earth. The 90-cent compromise will in a measure, and a slight measure, indeed, meet the cost of production.

Mr. TOBEY. I thank the Senator.

Mr. MILLIKIN. Mr. President, I should like to make an observation supplementing that which has been made by the distinguished senior Senator from Nevada. There seems to be an impression, which I believe has been rather studiously cultivated, that Senators from the silver States are out to oppress the fabricators of silver.

In the first place, it is clear, I believe, without argument, that no silver fabricator has a right to go to the Treasury of the United States and buy silver at a price below its monetary value. Obviously, the Treasury can take the unmonetized silver which it has, monetize it, and pay \$1.29 worth of debt for every ounce of it. But during the war a number of nations, as has been pointed out by the distinguished senior Senator from Nevada, and the silver fabricators made it clear that they had scraped the bottom of the silver barrel. The fabricators said "We cannot keep our men employed unless we can get silver from the Treasury."

Mr. President, that is a very extraordinary procedure. The ordinary citizen who wants to buy property of the United States must buy it at the highest bid. But in order to meet the emergency in which the fabricators found themselves, all of us cooperated. Although we believed that silver was worth \$1.29 an ounce, because it would liquidate \$1.29 worth of debt of the United States, all of us cooperated in seeing that for a temporary period, while the emergency lasted, the fabricators could get silver for 70 cents an ounce.

Today everything has gone up in price. Today silver in the free market of this country is 90 cents an ounce. We are still willing to try to accommodate the silver fabricators, and we have tried to make an adjustment between the two extremes of \$1.29 an ounce, on the one hand, and 70 cents an ounce, on the other hand. We have tried to make a compromise or an adjustment price of 90.3 cents an ounce, which I respectfully submit is a fair, sound adjustment between what otherwise would have been two irreconcilable positions.

So, Mr. President, I earnestly hope that the Senate will reject the motion of the Senator from Rhode Island.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island.

Mr. REED. Mr. President, on this question I have been one of the conferees on the part of the Senate from the beginning. I have been one of the conferees who has steadily gone along trying to find a common ground. I have felt that the silver-producing States and the users of silver have been entitled to all the consideration that the conferees have extended to them.

On the other hand, it should be evident to anyone who will take the pains to read the record of the proceedings in the House yesterday that there is no apparent change in the attitude of the conferees on the part of the House. It is true that in the House yesterday the point was made that the Senate had not actually taken a vote on the matter. Therefore, I am in favor of having the Senate take a vote on it, and I shall vote against the motion of the Senator from Rhode Island.

But the Senator from Illinois is not far wrong when he says that he can detect no change in the attitude of the conferees on the part of the House. If we read the Record yesterday, we find that that is the case.

One of the conferees on the part of the House has been willing to accept a price of 90 cents an ounce at any time. But the other conferees would not agree with him. Representative O'NEAL, who is chairman of the conferees on the part of the House, made this reply:

The purpose of the committee is to further insist on the disagreement to the Senate amendment which means that we shall stand by the provisions of the House bill as originally passed by the House.

That bill carries silver at 71 and a fraction cents an ounce.

Then the following occurred:

Mr. CHENOWETH. As I understand the situation, the Senate yesterday voted to amend its position to agree to a price of 90.3 cents.

Mr. O'NEAL. In effect, that is the major change.

Mr. CHENOWETH. Do I understand that the gentleman is opposed to that?

Mr. O'NEAL. The gentleman representing the committee is opposed to that.

But, Mr. President, I think the solution is easy enough to reach. We have been worrying with this question now for 3 months. If it will do the House any good to have the Senate take a ye-and-nay vote on the question, I am in favor of having the Senate take such a vote, and to make one more effort. After we have made one more effort, I shall ask to be relieved from further service on the committee of conference, unless an adjustment is reached.

Mr. MAGNUSON. Mr. President, I wish to say that there is another reason why we should do something about silver. Under the price of 71.1 cents an ounce, many silver mines are not operating. In many cases silver is a byproduct which is obtained from the production of lead and zinc and copper. Lead is today one of the scarcest commodities in the United

States. There is a very great shortage of lead. The storage-battery situation will become acute in the next few months unless more lead is produced. So the situation is acute, not only with respect to silver, but with respect to lead and zinc; and it will become even more acute unless something is done about this situation.

The **PRESIDING OFFICER**. The question is on agreeing to the motion of the Senator from Rhode Island. On this question the yeas and nays have been ordered. The clerk will call the roll.

Mr. GREEN. Mr. President, in view of the statements which have been made on this question, I wish to make a few brief comments before the vote is taken.

One is with respect to the appeal which the able Senator from Tennessee made in the interest of the post-office clerks and the Treasury clerks. As I stated the other day when this matter was before the Senate, if my motion had been adopted at that time, this bill would have gone to the White House that afternoon. But hopes were held out—in fact, I think I may say that expectations were held out—that if the Senate took the opposite action, the House would concur.

The other point is that reference has been made to the small number of persons who are interested or concerned with this legislation. If we consider, not only the manufacturers in the various businesses which are concerned with this question, but the electric industry, the motion-picture industry, the dental-supply industry, the photographic industry, and the silver-plating industry, we must realize that hundreds of thousands of employees are concerned. Many of them already have been thrown out of work, and many more are threatened with a cessation of work unless this legislation is enacted. That is one point.

The other point is that reference has been made to the market price. There is no such thing as a market price on silver. I think the very letter which was read here this afternoon proves that.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield to me? Mr. GREEN. I prefer to finish my brief statement, and then I shall be glad to yield.

Mr. President, up until day before yesterday, Handy & Harmon, whose letter was read, made a quotation of 70 and a fraction cents as the price of silver. Then, the day before yesterday, the Senate affirmed 90 cents as the price. The bill went to the other House. It was confidently expected that the House would pass it. The next morning the market price was quoted at 90 cents and a fraction. One day the price was 70 cents. The next day after the motion was agreed to by the Senate the price was 90 cents, and the next day the market price was 90 cents. I maintain that the market price is coincidental with the arbitrary price fixed in the legislation.

Mr. JOHNSON of Colorado. The Senator's comments on the price of silver are very interesting. I believe that in 1942 he introduced a bill providing for 50-cent silver. Am I not correct? Did not the Senator have a bill before the Congress to sell silver out of the Treasury at 50 cents an ounce?

Mr. GREEN. In the bill which I introduced the price was 71.11 cents. The second time the bill was before the Congress, 2 years later, the price was 71.11 cents. I hope that now, for the third time, the Senate will take some action at 71.11 cents.

Mr. JOHNSON of Colorado. Did the Senator fix in his bill the price of 50 cents?

Mr. JOHNSON of Colorado subsequently said: Mr. President, earlier in the day, during a colloquy between myself and the Senator from Rhode Island [Mr. GREEN], I mentioned the fact that at one time he sponsored legislation which provided for a price of 50 cents an ounce for silver. I ask unanimous consent to have inserted in the RECORD at the close of the colloquy a copy of the bill, Senate bill 2768, which was introduced by the Senator from Rhode Island.

There being no objection, the bill (S. 2768) to authorize the use for war purposes of silver held or owned by the United States was ordered to be printed in the RECORD, as follows:

*Be it enacted, etc.,* That notwithstanding any other provision of law, the President is authorized, through the Secretary of the Treasury, upon the recommendation of the Chairman of the War Production Board, to sell or lease, upon such terms as the Secretary of the Treasury shall deem advisable, to any person, partnership, association, or corporation, or any department of the Government, for use in furtherance of the war effort, including but not limited to the making of munitions of war and the supplying of civilian needs contributing to the war effort, and the converting of existing plants to those purposes, any silver held or owned by the United States: *Provided*, That the average price for all silver sold under this act shall not be less than 50 cents per fine troy ounce: *Provided further*, That at all times the ownership and the possession of an amount of silver of a monetary value equal to the face amount of all outstanding silver certificates heretofore or hereafter issued by the Secretary of the Treasury shall be maintained by the Treasury.

SEC. 2. Authority to sell silver under this act shall expire on December 31, 1944.

SEVERAL SENATORS. Vote! Vote!

Mr. BRIDGES. Mr. President, what is the question before the Senate?

The **PRESIDING OFFICER**. The question is on agreeing to the motion of the Senator from Rhode Island [Mr. GREEN] that the Senate recede from its amendment No. 7.

On this question the yeas and nays having been ordered; the clerk will call the roll.

The legislative clerk called the roll.

Mr. HILL. I announce that the Senator from Florida [Mr. ANDREWS] and the Senator from North Carolina [Mr. BAILEY] are absent because of illness.

The Senator from South Carolina [Mr. MAYBANK] and the Senator from Montana [Mr. WHEELER] are absent by leave of the Senate.

The Senator from Mississippi [Mr. BILBO] and the Senator from Arizona [Mr. McFARLAND] are detained on public business.

The Senator from New Mexico [Mr. HATCH] is absent on official business, having been appointed a member of the President's Evaluation Commission in

connection with the test of atomic bombs on naval vessels at Bikini.

The Senator from Louisiana [Mr. ELLENDER] and the Senator from Maryland [Mr. TYDINGS] are absent on official business, having been appointed to the commission on the part of the Senate to participate in the Philippine independence ceremonies.

The Senator from Texas [Mr. CONNALLY] is absent on official business, attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State. He has a general pair with the Senator from Michigan [Mr. VANDENBERG].

If present and voting, the Senator from Florida [Mr. ANDREWS], the Senator from South Carolina [Mr. MAYBANK], and the Senator from Montana [Mr. WHEELER] would vote "nay."

Mr. WHERRY. The Senator from Michigan [Mr. VANDENBERG] is absent on official business attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State. He has a general pair with the Senator from Texas [Mr. CONNALLY].

The Senator from Massachusetts [Mr. SALTONSTALL] is absent on official business, having been appointed a member of the President's Evaluation Commission in connection with the test of atomic bombs on naval vessels at Bikini.

The Senator from Iowa [Mr. HICKENLOOPER] is absent by leave of the Senate on official business as a member of the Special Committee on Atomic Energy.

The Senator from Nebraska [Mr. BUTLER] is absent on official business, being a member of the commission appointed to attend the Philippine independence ceremonies.

The Senator from Minnesota [Mr. SHIPSTEAD] is absent by leave of the Senate.

The Senator from Indiana [Mr. WILLIS] is necessarily absent.

The result was announced—yeas 25, nays 54, as follows:

#### YEAS—25

Aiken	Gerry	Radcliffe
Ball	Green	Revercomb
Brewster	Hart	Smith
Bridges	Hawkes	Tobey
Brooks	Lucas	Wagner
Buck	McMahon	Walsh
Byrd	Mead	Wherry
Capehart	Overton	
Ferguson	Pepper	

#### NAYS—54

Austin	Hoey	Myers
Barkley	Huffman	O'Daniel
Briggs	Johnson, Colo.	O'Mahoney
Burch	Johnston, S. C.	Reed
Bushfield	Kilgore	Robertson
Capper	Knowland	Russell
Carville	La Follette	Stanfill
Chavez	Langer	Stewart
Donnell	McCarran	Swift
Downey	McClellan	Taft
Eastland	McKellar	Taylor
Fulbright	Magnuson	Thomas, Okla.
George	Millikin	Thomas, Utah
Gossett	Mitchell	Tunnell
Guffey	Moore	White
Gurney	Morse	Wiley
Hayden	Murdock	Wilson
Hill	Murray	Young

#### NOT VOTING—17

Andrews	Ellender	Shipstead
Bailey	Hatch	Tydings
Bilbo	Hickenlooper	Vandenberg
Butler	McFarland	Wheeler
Connally	Maybank	Willis
Cordon	Saltonstall	

So Mr. GREEN'S motion was rejected.



Mr. McKELLAR. Mr. President, I move that the Senate further insist on its amendment numbered 7, ask for a further conference with the House thereon, and that the chair appoint the same conferees who were appointed before.

Mr. GREEN. Mr. President, I should like to know what is meant by appointing the same conferees who were appointed before. At the first conference I was one of the conferees on the part of the Senate. I have read in the RECORD, however, that at the second conference I was not included. We are now to have a third conference and the Senator from Tennessee requests that the same conferees be appointed.

Mr. McKELLAR. Mr. President, I am sure that the conferees on the part of the Senate should include the Senator from Rhode Island, because he was supposed to be among the Senate conferees at the previous conferences which were held on this matter.

Mr. GREEN. Unfortunately, the RECORD does not show that I was among the Senate conferees at the second conference.

Mr. McKELLAR. I am very sorry. Of course, the Senator from Rhode Island should be one of the Senate conferees.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Tennessee.

The motion was agreed to; and the Presiding Officer appointed Mr. McCARRAN, Mr. McKELLAR, Mr. HAYDEN, Mr. GREEN, Mr. BAILEY, Mr. WHITE, Mr. GURNEY, and Mr. REED conferees on the part of the Senate at the further conference.

#### EXTENSION OF PRICE CONTROL

The Senate resumed consideration of the joint resolution (H. J. Res. 371) extending the effective period of the emergency Price Control Act of 1942, as amended, and the Stabilization Act of 1942, as amended.

Mr. BRIDGES. Mr. President, I send an amendment to the desk which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from New Hampshire.

The CHIEF CLERK. On page 9, between lines 14 and 15, it is proposed to insert a new paragraph, as follows:

No maximum price and no regulation or order under this act or the Stabilization Act of 1942, as amended, shall be applicable with respect to grains for which standards have been established under the United States Grain Standards Act, as amended, or any livestock or poultry feed processed or manufactured in whole or in substantial part therefrom.

Mr. BRIDGES. Mr. President, I wish to ask for immediate consideration of the amendment. My explanation of it will be very brief.

Day before yesterday an amendment offered by the Senator from Kansas [Mr. REED] was rejected by a small majority. There were certain fears expressed that the amendment was too wide in scope, and that it would have a very general effect upon a widespread variety of commodities. My amendment is more limited.

Mr. President, the amendment is very simple. It takes controls off grains, and,

as the Senate can see by reading it, the amendment imposes definite limitations. So far as poultry and livestock feeds are concerned, instead of applying to all processed or manufactured commodities with grain as a basis.

In other words, it would not affect grain manufactured, we will say, into "Post Toasties," or corn sirup, or flour for bread, or any commodities of that kind. It is aimed primarily to meet the desperate situation in sections of the country which are deficit grain areas. By deficit grain areas I mean sections like New England, and States like New York, Pennsylvania, New Jersey, Delaware, in the East, and States like Oregon, Washington, California, and other States in the Pacific coast area, which must have grain from the great Middle West section in order to feed livestock and poultry.

The situation has been very desperate up to date in these areas, and has brought about wholesale liquidation of poultry flocks and liquidation of dairy herds, and the condition will grow acutely worse.

The amendment is direct, it is aimed to relieve in the future a very desperate situation, and I ask for favorable action on it.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. OVERTON. As I understood the Senator's amendment, it includes livestock, poultry, and eggs?

Mr. BRIDGES. I will read the amendment to the Senator. It provides:

No maximum price and no regulation or order under this act or the Stabilization Act of 1942, as amended, shall be applicable with respect to grains for which standards have been established under the United States Grain Standards Act, as amended, or any livestock or poultry feed processed or manufactured in whole or in substantial part therefrom.

Mr. OVERTON. I thank the Senator. Mr. TOBEY. Mr. President, I rise to endorse and second the statement made by my distinguished colleague, the senior Senator from New Hampshire [Mr. BRIDGES]. This matter has been on our hearts and in our minds for a long time. It comes from a desperate need in New England and the Northwest.

When the OPA control on grain was lifted, as it automatically was on the 1st of July, grain began to come to New England, and the men, women, and children of that section felt encouragement instead of discouragement. Grain came, and the flocks were being fed, and there was new hope in the hearts of those people.

As evidence of that, I wish to read two telegrams. One is from George M. Putnam, head of the Farm Bureau Federation of New Hampshire and long-time director of the American Farm Bureau Federation, known in this country as the grand old man of agriculture. There is no finer American citizen. He knows agriculture through and through, and his whole life has been devoted to the farmers and rural population of America. His telegram, dated yesterday, reads as follows:

CONCORD, N. H., July 11, 1946.

Senator CHARLES TOBEY,

Senate Office Building,

We appreciate action taken by Senate on dairy, poultry products, and meat. We regret failure to include feed grains. Letting ceilings back on grain is about the worst thing that could happen to our poultry and dairy industries in New Hampshire. Since OPA went out our grain men have been able to buy. If ceilings come back we will be in same situation as before, which you know was approaching a calamity. Is there any way left in which feed grains can be removed from ceiling control.

GEORGE M. PUTNAM,

President, New Hampshire Farm Bureau Federation.

The second, like unto the one I have just read, is from Andrew L. Felker, Commissioner of Agriculture of New Hampshire, a man of the utmost probity and character. He telegraphs me as follows:

CONCORD, N. H., July 11, 1946.

Senator CHARLES W. TOBEY,

Senate Office Building,

Washington, D. C.:

Senate vote on grain amendment pending OPA bill will cause all favorable gains secured last 10 days to turn to losses. Will reinstate black-market practices. Increased grain supplies purchased and now moving in has helped livestock feeding greatly and saving the remnants of our poultry industry. With livestock prices in the West ranging higher than ever, control on grain will prevent any but meager supplies reaching this area. We are shocked at the result of the vote, and believe inestimable loss will accrue to livestock and poultry interests in New Hampshire. No complaints received from poultrymen or dairymen as regards increased prices on grains since OPA law ended. If nothing else can be done to correct this bad situation, feel that Reed amendment offered freeing all grain so far purchased and under contract for delivery up to August 1 will be helpful to New England.

ANDREW L. FELKER,

Commissioner.

Mr. President, I can state on my own reputation that what Andrew Felker and what George Putnam say about the dire situation represents the views of every commissioner of agriculture and every member of the Farm Bureau in New England. This is a desperate situation. Relief has come. Do not close the doors now. I appeal, with my colleague, that the ceiling be taken off grains for feeding purposes. Make it possible for the people of these areas to get some grain, and save the rural life of New England and the other areas from great suffering and loss and tragedy.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. TOBEY. I yield.

Mr. SMITH. The Senator agrees with me, I think, in the statement that if we do not remove these controls the grain will go to beef cattle and hogs.

Mr. TOBEY. There can be no question about that.

Mr. SMITH. And our dairy herds and poultry flocks will have to be liquidated.

Mr. TOBEY. Nor can there be any question about that.

Mr. SMITH. I get the same desperate messages from New Jersey the Senator is getting from his State.

Mr. BARKLEY. Mr. President, we voted day before yesterday on the amendment offered by the Senator from Kansas

[Mr. REED], which is in all respects the same amendment as the amendment now pending, with the exception that the Reed amendment forbade any ceiling price to be put upon products processed or manufactured in whole or substantial part from grain. The pending amendment provides that no ceiling shall be put upon grains or any livestock or poultry feed processed from grain.

The amendment as now offered was contained in the amendment upon which the Senate voted Wednesday. Every item in the amendment now pending, which is limited to livestock and poultry feed processed from grain, was included in the amendment offered by the Senator from Kansas [Mr. REED]. The only difference is that in the Reed amendment all feed and food, including flour, processed from grain, was barred from price ceilings, but that does not mean that everything contained in the pending amendment was not also in the other amendment, upon which the Senate voted. Therefore, I suggest that, it having been voted upon heretofore, and rejected, it is not now in order.

Mr. BRIDGES. Mr. President, the amendment is wholly different from the amendment offered by the Senator from Kansas. The amendment offered by him and voted on, reads:

No maximum price and no regulation or order under this act or the Stabilization Act of 1942, as amended, shall be applicable with respect to grains for which standards have been established under the United States Grain Standards Act, as amended, and products processed or manufactured in whole or substantial part therefrom.

The amendment which is now under consideration, reads as follows:

No maximum price and no regulation or order under this act or the Stabilization Act of 1942, as amended, shall be applicable with respect to grains for which standards have been established under the United States Grain Standards Act, as amended, or any livestock or poultry feed processed or manufactured in whole or in substantial part therefrom.

It is a wholly different amendment.

Mr. BARKLEY. Will the Senator yield?

Mr. BRIDGES. Certainly.

Mr. BARKLEY. Does the Senator deny that the feeds he cover in his amendment were included in the Reed amendment? Were they not all in it, and is not the language identical down to the words "Standards Act as amended or"? Down to all except the last line and two or three words on the next to the last line it is identical with the language on which the Senate voted day before yesterday.

Mr. AIKEN. Mr. President, if I may answer the question, under the Reed amendment there is included even the most famous product of the State of the Senator from Kentucky, because that is manufactured from grain. I think everyone knows that more grain is used in industries, such as the steel industry, the aluminum industry, the liquor industry, the beer industry, and a thousand other industries, all industries together, than is used for cattle and poultry feed.

Mr. BARKLEY. According to the interpretation made by the Senator from Ohio and the Senator from Kansas a few days ago, nothing beyond the grain itself, or the first processed product, such as flour, would have been considered. So it would not include what the Senator describes as "Kentucky's most famous product." And there is some dispute even among Kentuckians as to what is Kentucky's most famous product.

Mr. TOBEY. Will the Senator say what is Kentucky's most famous product?

Mr. BARKLEY. We have the finest and most beautiful women and the finest and most beautiful horses.

Mr. AIKEN. But we in the Senate know what is the most famous product of Kentucky.

Mr. BARKLEY. I said we have the finest and most beautiful women and the finest and most beautiful horses.

Mr. AIKEN. And, of course, Kentucky's most famous product is the majority leader himself.

Mr. BARKLEY. No; I am not a product of grain, I will say, and I have not been processed out of it.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. TOBEY. May I address myself to the distinguished majority leader very briefly? He has a duty to perform in all these matters. I recognize that. I also recognize that even with the high sense of duty which is incarnate in the man who leads the majority, ALBEN W. BARKLEY, he also possesses a great sense of fairness, a great sympathy for human needs, and a desire to help out his fellowmen. While he is now raising a technical point, I rise and ask if out of the goodness of that great heart of his he will not let this amendment go to a vote so that we may, if possible, decontrol the grain which is so necessary for livestock feed, which would relieve a distress which exists all over the country.

Do not press that technical point too hard. Have a heart, ALBEN.

Mr. BARKLEY. I appreciate the second edition of the Macedonian cry coming from the Senator from New Hampshire.

Mr. TOBEY. I may say that I think it will be answered in finer language and in finer spirit than was the previous one.

Mr. BARKLEY. The record will show in regard to that.

Mr. President, I feel that the Senate has expressed itself. It is up to the Chair to rule on the point of order. If we are ever to put this bill behind us and get anywhere with it, we must make progress, and we cannot afford to spend our time voting upon practically the same thing over and over again. If the Chair rules that my point of order is not well taken, I will accept the Chair's ruling. But I think the Reed amendment we voted on the other day included every item of the amendment now pending, except that there was an element of human food involved in the other amendment which is not involved in the pending amendment. I do not think we can overlook the human element in regard to grain and its products.

Mr. HAWKES. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield to the Senator from New Jersey.

Mr. HAWKES. I wish to say to the Senator from Kentucky that I think there is a very great difference between this amendment and the one offered by the Senator from Kansas [Mr. REED]. We had a long discussion here on Wednesday and to same extent yesterday about taking control off wheat. It was said that wheat was used for flour, and if wheat went up to a certain point, the result would be an increase in the cost of flour, and that the price of bread would be doubled. The discussion finally ended with a statement from the Senator from Vermont that if the price of wheat should double, as I recall, the increased cost of a loaf of bread resulting from that increase would be a cent and a half, approximately. Is that correct?

Mr. AIKEN. That is correct.

Mr. HAWKES. I understand from the Senator from New Hampshire [Mr. BRIDGES] that none of the grain which would be affected by his amendment is used for the manufacture of flour or its products or food for the human family. The wheat to be decontrolled under his amendment is what is called No. 2 and No. 3 wheat, used in making poultry feed. There is all the difference in the world between the two amendments. There is no comparison between them at all.

Mr. President, I come from a State which is largely interested in raising dairy and poultry products. My State is suffering very greatly from animal feed shortage. I am told that in some cases half of the dairy herds have been sold to be slaughtered, and that poultry flocks are 50 or 60 percent of what they were. The best informed men of my State on this subject further tell me that the American people do not know anything about this thing at the present time; that it will be a year or two before they begin to suffer seriously from what is happening, and it will take from 3 to 5 years to restore the herds and flocks and restore them to the point where they were. Therefore I am very strongly in favor of the amendment offered by the Senator from New Hampshire, and I repeat that to my mind it is an entirely different amendment from the amendment of the Senator from Kansas.

Mr. BARKLEY. Mr. President, will the Senator from New Hampshire yield to me to reply to the Senator from New Jersey?

Mr. BRIDGES. Yes.

Mr. BARKLEY. The Senator from New Jersey says that this amendment applies only to No. 2 and No. 3 grains. There is nothing in the amendment that says anything about No. 2 or No. 1 or any other number of grains. So far as the grain that is taken out from ceilings is concerned, it is exactly the same grain that was included in the amendment upon which we voted on Wednesday. It includes all grains that come under the United States Grain Standards Act—all grains—and that is the language that was contained in the amendment upon which we acted the other day. It makes no difference as to grain. All kinds of grains are exempted under this amendment. The only difference is that it does make a change of a word or



two with respect to livestock and poultry feed made from grain. But the grain itself, which is the foundation of all processed feeds, whether animal or human, is the same kind of grain as that dealt with in the previous amendment. There is no difference between the language of the two amendments, so far as grain is concerned.

Mr. HAWKES. Mr. President, will the Senator from New Hampshire yield to me to make a very short remark?

Mr. BRIDGES. I yield.

Mr. HAWKES. My statement is based upon the talk I had with the Senator from New Hampshire that the amendment would involve only the use of the No. 2 and No. 3 wheat for poultry feed, and if the amendment does not mean that, then I think the Senator from New Hampshire should amend it so that it does mean that.

Mr. BARKLEY. The amendment is perfectly plain. It provides that no maximum price shall be applicable with respect to grain for which standards have been established under the United States Grain Standards Act. That includes all grains that are in that act, and that is what the Senate voted on the other day. What is done with the grain afterward is a different matter, but the grain is the same.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. AIKEN. I want to say that tens of thousands of small dairymen and poultrymen all through the Northeast were profoundly shocked night before last when they learned that the Senate had refused to decontrol grain and dairy and poultry feeds. They were particularly worked up because the Senate had previously voted to decontrol livestock and meat products. Then when the Senate voted to decontrol milk there was no longer any question in their minds but that grain would also be decontrolled. When we decontrolled milk and its products, it was very hard for them to understand just what had come over the Senate when we said to the farmers throughout the country, "You cannot have the grain to make the milk and to raise the poultry, because we have made a special inducement for that grain to be fed to hogs and other livestock."

All day yesterday I received telephone calls and telegrams from all over New England and New York State. Poultrymen and dairymen simply could not believe that the United States Senate was going to play that trick on them which it did play. They have asked that we reconsider and give them a chance to go on and live and raise poultry and make milk in that part of the country where they have to depend on the Midwest for their cattle and poultry feed to a large degree.

I have a few telegrams which were just handed to me. I just left the telephone booth, where I was awaiting a call which I knew was on the same subject. I will read some of these telegrams:

Senate action yesterday refusing decontrol feeds and grains while livestock products left on free market will mean rapid and tragic end to poultry and dairy industries in New England as well as other feed deficit

areas. Can you possibly bring this before Senate for reconsideration?

H. K. WEBSTER Co.

LAWRENCE, MASS.

The H. K. Webster Co. is one of the largest feed-mixing concerns in Massachusetts.

I have a telegram from Boston, Mass., as follows:

With reference Senator REED's amendment to eliminate grain and grain products from OPA control, which voted down yesterday, strongly urge some similar amendment to place grain and grain products on list of items exempted from control because the decontrol of meat, dairy, and poultry products with continued control of grains just cannot work and would positively mean ultimate suicide to New England poultry and dairy producers in addition to reviving black markets on larger scale than heretofore, resulting in continued shortage of flours and bread.

That telegram is from the Boston Grain and Flour Exchange, and they register further opposition to the OPA.

Here is a telegram from Charles M. Cox Co., one of the largest grain mixers of New England:

Regarding amendment voted down yesterday in reference to grain, think this should be reconsidered because the decontrol of dairy and poultry products with continued control of grains would spell ultimate suicide to New England poultry and dairy interests.

I have a telegram from E. W. Bailey & Co., of Montpelier, Vt., one of the largest independent grain mixers in my State. The telegram is as follows:

We again urge you redouble your efforts to prevent ceilings on grains with no ceilings on livestock and products this means catastrophe for New England agriculture.

They are feed mixers, and it might be assumed that they are looking out for themselves, but we have had equally desperate cries from the representatives of the farmers in New England and New York.

Here is a telegram from the Commissioner of Agriculture of my own State of Vermont:

Urge you continue effort to prevent passage of Price Control Act.

I am sure he means that part without the decontrol of grain in it.

You appreciate our desperate situation if feed controls are retained without control on meat and other products.

STANLEY G. JUDD,

Vermont Commissioner of Agriculture.

The Commissioner of Agriculture of Massachusetts called me on the telephone in a very desperate frame of mind. He said it means liquidation of hundreds and hundreds of flocks of poultry in Massachusetts if meats are decontrolled and grain is not, because they cannot get the grain unless it is decontrolled.

I have a letter from the Cooperative G. L. F. Exchange, Inc., of Ithaca, N. Y., the largest farmer cooperative in the United States. They represent 100,000 farmers in New York, Pennsylvania, and New Jersey. I read a portion of their letter, as follows:

Deliveries of grain, which we have purchased in the open market, are coming in rapidly and we expect that during the week of July 8 that our feed mills will ship and manufacture between 10,000 and 15,000 tons

of dairy and poultry feed. When one compares this to shipments of from 3,000 to 5,000 tons during the last week in June and the first week in July, he can appreciate what a free market has meant to northeastern farmers who have been driven to desperation in their efforts to sustain their dairy herds and poultry flocks.

C. N. SILCOX.

Mr. Quentin Reynolds, manager of the Eastern States Farmers Exchange of Springfield, Mass., called me yesterday morning. That exchange furnishes grain to probably 50,000 or 60,000 dairymen and poultrymen in New England, New Jersey, and Delaware. Mr. Reynolds could hardly believe that the Senate would vote to decontrol livestock and keep controls on grain, so that grain would not flow to the dairy herds and the poultry yards of the northeastern section of the United States.

Our farm people are desperate. All during July they were liquidating their flocks and reducing their herds of cattle. This spring in New England the production of milk went down 16 percent below what it was last year, and it will go down more than that if our supply of grain is further cut off. We simply could not get grain during the month of June. I went into that subject day before yesterday at some length. I shall not repeat today what I stated then. But beginning on July 1 our farmers and dealers went into the Chicago market and bought all the grain that was necessary to carry them through July. Some of them bought a little more. They had to pay \$2.30 for corn, but they were able to get it. The grain which we are now getting in New England is costing us about \$89 a ton for 16-percent dairy ration. That price is so high because milo has been used as a substitute for corn. But corn will soon flow again. Our farmers cannot continue to pay \$89 a ton for dairy feed, but they will pay it for a few weeks in order to tide them over this period of the year until the new crop comes in.

It seems to me that, having decontrolled milk, poultry, and all kinds of livestock, we should decontrol grain and let this matter go to conference. Certainly it would be a calamity in those sections of the country which must purchase grain if this measure should go through as it now stands. I, for one, believe that the subject should go to conference.

I have heard it stated that an attempt would be made to prevent the joint resolution from going to conference. I shall not vote to prevent it from going to conference. But when the conference committee considers it, I want the conferees to have an opportunity to consider whether or not grain should be decontrolled along with livestock; and they cannot consider that question unless we adopt the amendment which is offered today.

It is inconceivable that Senators from any part of the country would take a stand which would sentence tens of thousands of poultrymen and dairymen in the northeastern part of the country to destruction. They cannot go on if they cannot get grain; and they will not get grain so long as there is a special inducement to feed it to hogs, sheep, or cattle. So I hope that Members of this

body, particularly those from the South who voted almost unanimously against decontrolling grains, will give this amendment a chance to go to conference so that it may be considered. If it is not considered in conference the agricultural economy of this country will be thrown completely out of balance, and that will not be good for the country as a whole. If the conference committee comes back and says, "We cannot decontrol anything," that will not leave us any worse off than we were before. But if the conferees say, "We are going to decontrol hogs and other livestock, and we are going to decontrol milk, but we are not going to decontrol grain," that will spell calamity to thousands of small farmers who are today looking to this Senate to help them.

Mr. President, I have nothing further to say. I hope that Senators from other sections of the country will realize the plight in which we find ourselves, and help us to do something about it. The only thing that can be done now is to vote to decontrol poultry and livestock feeds.

Mr. BARKLEY. Mr. President, if I may have the attention of the Senator from New Hampshire [Mr. BRIDGES], let me say that I have no desire to do an injustice to any section of the country with respect to livestock feed. I have been trying to examine this modified amendment which strikes out all reference to grains coming under the United States Grain Standards Act as amended, so as to read:

with respect to grains for livestock and poultry feed processed or manufactured in whole or in substantial part therefrom.

I should like to suggest a modification so as to read:

with respect to grains certified by the purchaser thereof for use in the feeding of livestock or poultry or for use in the processing or manufacture of such feeds.

Mr. TOBEY. We accept that.

Mr. BRIDGES. I think that would be entirely satisfactory.

The PRESIDENT pro tempore. Will the Senator send to the desk the amendment as proposed to be modified?

Mr. BARKLEY. I shall have to dictate it as I go along.

Let me say frankly that this is a matter which requires some study. We cannot simply slap in some language and make it read as it should. Assuming that the joint resolution must go to conference, where we can deliberate and work on it, I suggest that my agreement to allow this amendment to go to conference does not in any way bind me to the language, or even to the proposal. But if it is going in, it certainly ought to be circumscribed in such a way as to indicate that the grain itself must be used for feed for poultry or livestock, or that it is certified as being intended to be used in the processing or manufacture of feed for poultry or livestock. With that understanding I shall not object to the amendment. Let me read it as I suggest modifying it:

No maximum price and no regulation or order under this act or the Stabilization Act of 1942, as amended, shall be applicable with respect to grains certified by the purchaser

thereof as intended to be used for feed for poultry or livestock, or to be used in the processing or manufacture of such feed.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. AIKEN. I have been cooperating with the Senator from New Hampshire and urging him to offer this amendment. I thought we ought to get something to the conference committee for the conferees to work on, because if we adopt no amendment at all the conferees cannot give consideration to decontrolling grains, cattle feed, or anything of that kind. I realize that when this provision gets to conference the conference committee will probably start at the bottom and write a new measure. I do not see how we can achieve workable price control in any other way.

Mr. BARKLEY. The language which I have suggested will certainly put the question in conference.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. OVERTON. As I interpret the suggestion of the Senator from Kentucky, it excludes from control only grains which are certified to be used as livestock and poultry feed.

Mr. BARKLEY. That is true.

Mr. OVERTON. I think there should be that understanding.

Mr. BARKLEY. That is the understanding. It applies only to grains certified to be used for feed for livestock or poultry, or intended to be processed or manufactured into feed for livestock or poultry.

Mr. OVERTON. It does not exclude grains in their entirety, does it?

Mr. BARKLEY. No.

Mr. TAFT. Mr. President, in the first place I wish to express violent opposition to the idea that we are going to put in something which is to be rewritten in conference, or that the joint resolution is going to be rewritten in conference. If I am one of the conferees I shall insist upon every provision the Senate places in the joint resolution. We are not going to rewrite the joint resolution in conference. In my opinion, the conferees should stick by whatever the Senate places in it, unless the House is willing to vote on the measure and turn it down for some particular reason, because the House has taken no action. I dissent from the theory that we are going to put something in the joint resolution and then rewrite the whole measure in conference.

In the second place, so far as the proposal of the Senator from Kentucky is concerned, I think it is utterly and completely impracticable. We cannot control the price of wheat for one purpose and not for another purpose. We cannot decontrol it for one purpose and not decontrol it for another. So far as the suggested amendment is concerned, I think it is utterly and completely out of the question. I do not think we ought to adopt it merely for the purpose of taking something to conference. If we are to take something to conference it ought to be something reasonable, something that we can insist upon and hold in the joint resolution.

Mr. BARKLEY. Mr. President, there is no occasion for the Senator from Ohio to become so violent over this proposal. Of course, it is not a difficult performance on his part to become violent.

I recognize the difficulty of having grains used for one purpose not controlled, and grains used for another purpose under control. I suggested that difficulty to the Senators from New Hampshire and the Senator from Vermont only a moment ago.

Whether the House will accept what we write I do not know. If the House of Representatives should accept in toto anything the Senate might write, it would establish a new chapter in legislation. I have assumed—and I suppose we have a right to assume—that inasmuch as the House has considered nothing in regard to all these questions, if the joint resolution is sent to conference we shall have a wider field for deliberation and accommodation than we would otherwise have. The suggestion that the technical language necessary to cover this subject might be written in deliberation, and with all the facts before us in conference, is not a wild suggestion with respect to senatorial action.

The Senate can do as it pleases with the amendment. I have suggested a modification of the amendment, in order to get away from the idea that we had voted on it the other day. If the Senator from Ohio or any other Senator objects to that, he can act accordingly.

Mr. REED. Mr. President—

Mr. BRIDGES. Mr. President, I yield to the Senator from Kansas.

Mr. REED. Mr. President, I wish to express concurrence with the view stated by the Senator from Ohio. Regardless of whether he was violent, he was very much in earnest, and his point was very well taken. No one who is familiar with the grain trade and the livestock feeding industry and no one of intelligence would ever attempt to say that we should decontrol meat and dairy products, but should leave under control the basic material for feeding meat animals and dairy cows. Everyone I know agrees that such a position would be illogical. Now the amendment of the distinguished Senator from Kentucky would make it even more illogical.

Mr. President, it would be impossible to operate under the suggestion made by the Senator from Kentucky. Let us consider a feeder from New England who goes on the Chicago market to buy grain. From whom will he buy the grain? He will buy it from someone who already has purchased grain coming into the great grain market of Chicago from the West. The price that man paid for the grain as it came in will be the determining factor in regard to what the purchaser from New England will have to pay for the grain. The question of trying to distinguish between and make a difference between controls or noncontrols because of the use to which the grain is put is utterly impractical.

The effect of the suggestion of the Senators from Vermont and New Hampshire is that the amendment in its original form would have included flour. Flour is processed from grain. So the controls would have been removed from flour.



The language is that the controls on grain shall be removed and the controls on livestock and poultry feed processed or manufactured therefrom shall be removed. That is simple and it is easy to express. I hope this amendment will be adopted. The grain deficit areas of the United States are very much more concerned than we in the grain-producing areas are concerned, because of the price. The main effect of the decontrol of grains is not on the price. The main effect is to permit and to create a free flow of grain from the surplus grain-producing areas into the deficit grain areas and the grain-consuming areas, and they are much more interested in this amendment than are the people of the surplus grain-producing area, from which I come. Every man familiar with the grain trade knows that there has been a free movement of grain since July 1, and there had not been a free movement of grain prior to that time.

Mr. BRIDGES. Mr. President, I believe I have the floor.

#### MILITARY ESTABLISHMENT APPROPRIATIONS, 1947—CONFERENCE REPORT

Mr. THOMAS of Oklahoma submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H. R. 6837) making appropriations for the Military Establishment for the fiscal year ending June 30, 1947, and for other purposes, having met, after full and free conference, have been unable to agree on Senate amendments numbered 27 and 28.

ELMER THOMAS,  
CARL HAYDEN,  
JOHN H. OVERTON,  
RICHARD B. RUSSELL,  
ELBERT D. THOMAS,  
CHAN GURNEY,  
C. WAYLAND BROOKS,  
CLYDE M. REED,

#### Managers on the Part of the Senate.

JOHN H. KERR,  
W. F. NORRELL,  
JOE HENDRICKS,  
MICHAEL J. KIRWAN,  
EMMET O'NEAL,  
LOUIS C. RABAUT,  
FRANCIS CASE,  
HARVE TIBBOTT,  
JOHN TABER,

#### Managers on the Part of the House.

The PRESIDENT pro tempore. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

Mr. THOMAS of Oklahoma. Mr. President, I move the adoption of the report.

The report was agreed to.

The PRESIDENT pro tempore laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 6837, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.

July 11, 1946.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 27 to the bill (H. R. 6837) making appropriations for the Military Establishment for the fiscal year ending June 30, 1947, and for other purposes, and concur therein with an amendment as follows: In

lieu of the matter proposed to be inserted by said amendment insert:

"SEC. 20. Not to exceed 4 percent of any of the appropriations for the Military Establishment for the fiscal year 1947 may be transferred with the approval of the Bureau of the Budget to any other of such appropriations, but no appropriation shall be increased more than 4 percent thereby: *Provided*, That no such transfers shall be made to the appropriations under the headings 'Finance Department,' 'Quartermaster Corps,' and 'Corps of Engineers': *Provided further*, That a quarterly statement of any transfers made under the authority of this section shall be transmitted to the chairmen of the Appropriations Committees of the House of Representatives and the Senate: *Provided further*, That no part of any amount by which appropriations or subappropriations may be increased under the authority of this section shall be available for or on account of public works or land acquisition or to replace any funds thus used."

That the House recede from its disagreement to the amendment of the Senate numbered 28, to said bill, and concur therein with an amendment as follows: In lieu of the figure inserted by said amendment insert "21."

Mr. THOMAS of Oklahoma. Mr. President, the whole issue involved in this matter is the percentage of funds which may be transferred from one fund to another fund under the Military Establishment appropriation bill. The Senate placed in the bill a provision that the amount which could be transferred from one fund to another should be 10 percent. At first the House was not agreeable to any percentage. We finally have compromised on 4 percent.

So the proposal now before the Senate is that in case of emergency the War Department shall be permitted to take 4 percent out of one fund, where it is not needed, and add the 4 percent to another fund where it is needed. That is all the provision is.

Mr. WHITE. Mr. President, that is a much smaller percentage of transfer than is usually allowed, I believe.

Mr. THOMAS of Oklahoma. Yes. Generally 10 percent is allowed. Sometimes 5 percent is allowed. The present proposal is the smallest percentage of transfer that is provided for by any law which has been passed this year.

Mr. President, I move that the Senate concur in the amendments of the House of Representatives to the amendments of the Senate numbered 27 and 28.

The motion was agreed to.

#### EXTENSION OF PRICE CONTROL

The Senate resumed consideration of the joint resolution (H. J. Res. 371) extending the effective period of the Emergency Price Control Act of 1942, as amended, and the Stabilization Act of 1942, as amended.

Mr. BRIDGES. Mr. President, before the interruption occurred, I had the floor; and, so far as I know, I did not lose it.

The PRESIDENT pro tempore. The Senator from New Hampshire has the floor.

Mr. TUNNELL. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. TUNNELL. I desire to associate myself with the Senator from New Hampshire and the Senator from Ver-

mont in regard to the idea of decontrolling grain when used for feed for poultry and animals. I am not one of those who believe that such a step is a great departure, in view of the fact that the Senate already has provided for decontrol of the poultry and meat industries.

So, regardless of the language in which the amendment is expressed, if it is set out clearly so that it covers only feed for poultry and meat animals, I think it will answer the purpose.

I am not in favor of announcing to the people of the United States that we are trying to raise the price of bread. I do not want to go into that matter.

Mr. BRIDGES. Mr. President, I think that point is covered. Personally I wish to say now that I, as the author of the amendment, will accept—

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. YOUNG. I simply cannot see how an amendment such as is proposed is workable or is even clear. The average grain buyer sells his grain to a local elevator or to a miller in Minneapolis. A feed mixer from New England will offer him perhaps 15 cents above the market price. Who gets the benefit? The farmer does not. The elevator man or someone else does.

Mr. AIKEN. Mr. President, I wish to say that the northwestern farmer cooperatives have been very helpful in connection with this matter. When grain is sold by the cooperatives to the New England mixers, the result must be to help the farmers, because the cooperatives are organized by the farmers, and thus the farmers themselves are selling it.

Mr. HAWKES. Mr. President, will the Senator repeat that statement? We could not hear, from where we were sitting, because the Senator turned the other way.

Mr. AIKEN. I was saying, in reply to the statement of the Senator from North Dakota, that the northwestern farmer cooperatives, which are owned by the farmers themselves, have been very helpful in trying to get grain for our Northeast feed mixers during this famine emergency. They could not get anywhere near what they wanted to get for us, but they got all they could. When the farmers' cooperatives themselves make sales to the northeastern feed mixers, certainly the farmers must benefit from that. I do not know why they need to sell through a broker, because I am sure we would be glad to buy it directly from them.

Mr. YOUNG. Mr. President, of course any profit will go back to the farmer who is a member of the cooperative, if the grain is sold by a cooperative. But the bulk of the grain is not sold to the cooperatives. It is sold to the elevator men or the storage men, and then they get the benefit of it.

Mr. AIKEN. Of course, the bulk of the grain is not used for chicken feed or cattle feed, either.

Mr. BARKLEY. Mr. President, I should like to say that, as originally offered, the amendment provided for the decontrol of all grains, no matter to what use they might be put, so there

would be no ceiling whatever on grain, but there would be a ceiling on flour made from grain. That would be an utterly inconsistent situation. It would be unfair to every miller in the United States and to every processor of grain into flour, because there would be no ceiling on grain itself but there would be a ceiling on flour. That is why I think it is necessary that there should be a certification that the grain is intended to be used for poultry and animal feed, and not for human feed.

SEVERAL SENATORS. Vote! Vote!

Mr. BARKLEY. Mr. President, if the Senator has modified the amendment according to the suggestion, I withdraw the point of order.

The PRESIDENT pro tempore. The amendment is modified, and the Senator from Kentucky withdraws his point of order.

Mr. JOHNSON of Colorado. Mr. President, I move to reconsider the vote by which the so-called Reed amendment was disposed of a few days ago.

Mr. BARKLEY. Mr. President, I do not believe that such a motion would be in order until the pending amendment has been disposed of.

The PRESIDENT pro tempore. If the Senator wishes to raise the point of order, that is his privilege.

Mr. OVERTON. Mr. President, as a substitute for the pending amendment I offer the amendment which was originally offered by the Senator from New Hampshire.

The PRESIDENT pro tempore. The amendment offered by the Senator from Louisiana in the nature of a substitute will be stated.

The LEGISLATIVE CLERK. In lieu of Mr. Bridges amendment, as modified, at the proper place in the bill it is proposed to insert the following:

No maximum price and no regulation or order under this act, or the Stabilization Act of 1942, as amended, shall be applicable with respect to grains for which standards have been established under the United States Grain Standards Act, as amended, and any livestock or poultry feed processed or manufactured in whole or substantial part therefrom.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. OVERTON] in the nature of a substitute for the modified amendment of the Senator from New Hampshire [Mr. BRIDGES].

Mr. OVERTON. Mr. President, in offering the amendment which was originally suggested by the Senator from New Hampshire, my purpose is to exempt all grain. I do not see how we can control grain which is to be used for certain purposes and decontrol it when it is to be used for other purposes. We cannot certify grain to be used, as has been suggested, for stock feed and for poultry feed, and then control the price of grain generally. I therefore favored the amendment which was originally offered. It seems to me that by adopting the amendment we would be making it possible to enact a law along practical lines.

The Senator from Kentucky has stated that if there is no control on grain, the situation would be inconsistent because

there is a ceiling on flour. But if, under a decontrol plan, the price of grain goes down, the ceiling price of bread and flour must go down correspondingly. If it goes up the ceiling price will be increased. At least that would be the situation if the Office of Price Administration functions properly. But it does not seem to me that to decontrol grain used for an isolated purpose, and at the same time control all the rest of the grain, would be an impracticable proposition.

The PRESIDENT pro tempore. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Louisiana.

Mr. BARKLEY. Mr. President, I shall be compelled to renew my point of order against the substitute which I made originally. Under the amendment which we voted for the other day, all grains were to be decontrolled, no matter for what purpose they were to be used. Under this amendment, all grains are to be decontrolled, no matter for what purpose they are to be used. Therefore, they are identical. The only difference would be that in the processed product, as provided for in the substitute amendment, the limitation would apply to feed for livestock and poultry. But, so far as the grain itself is concerned, it would all be decontrolled. I insist that there is an inconsistency between having a free market for grain and a controlled market for the product of the grain, such as flour which is used for human consumption. On Wednesday last the Senate voted down the Reed amendment because it was afraid that to decontrol not only grain but all the articles processed or manufactured out of grain, would involve the table of the American family and increase the price of the food products which are produced from grain.

It was obvious that the Senator from New Hampshire was attempting to limit the effect of the processed article to feed for livestock or poultry, although so far as grain is concerned the effect would be just the same as that of the amendment of the Senator from Kansas.

Mr. OVERTON. Mr. President, I was opposed to the amendment offered by the Senator from Kansas [Mr. REED] because it took control off foods processed from grain. I refer to foods such as cereals, bread, and all other foods consumed by the American family. Therefore I was opposed to the amendment, and I would still be opposed to it if it should come before the Senate. However, I would favor an amendment which would decontrol grain only, and livestock and poultry feed processed from grain. The only similarity in the situation is that the Reed amendment embraced what is contained in the pending amendment, as well as other things which caused certain Senators, including myself, to be opposed to it.

Mr. BARKLEY. Aside from the point of order, Mr. President, I do not see how we can consistently remove all controls from a fundamental product such as grain, and still retain them on anything which is processed from grain.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. TAFT. It is perfectly consistent, it seems to me, to take the controls off grain and yet retain the power to fix the miller's margin, so that he is not free to charge too great a margin between the cost of wheat and the price of flour, and to retain control of the baker's margin so that the baker may be regulated and be required to sell his bread on a basis having some reasonable relation to his costs. That is a perfectly possible thing to do. Even though the price of wheat fluctuates, it affects only the price of bread by about 15 percent. It is perfectly consistent to remove control from wheat and retain the margins for the miller and for the baker.

What is impossible, it seems to me, is to try to take control off wheat for one purpose and leave it on for another purpose.

Mr. BARKLEY. The higher the price which wheat would go when uncontrolled, the higher the miller's margin would be in terms of dollars. If it is a margin based on a percentage, the more he pays for his wheat, although he retains the same percentage of margin on flour in terms of dollars and cents, the greater the price would be, because a given percentage on wheat costing \$2.20 a bushel would amount to more in dollars than the same margin on wheat costing \$1.25 a bushel.

Mr. TAFT. The miller is a processor. Under the Barkley amendment which was approved by the Senate, what has been given is the same dollar-and-cent margin that he had in 1940. So there is no question of percentage. In any event, if we retain controls over the margin—

Mr. BARKLEY. The miller is given a dollar price value on his product, but he is given the same margin which he received in 1940.

Mr. TAFT. That is a dollar-and-cent margin.

Mr. BARKLEY. It may be a percentage margin.

Mr. TAFT. The Administrator may establish a percentage margin, but he is not required to do so. He may make it a dollar-and-cent margin.

Mr. BARKLEY. Mr. President, I am willing to have the Chair pass on the point of order. I should like to get along with the bill.

The PRESIDENT pro tempore. The Chair has considered the amendment of the Senator from Kansas [Mr. REED], which was voted on last Wednesday. The Chair holds that, down to the word "amended," it was exactly the same as the amendment which was first offered by the Senator from New Hampshire and later offered by the Senator from Louisiana. The Reed amendment proceeds from the word "amended" as follows: "and products processed or manufactured in whole or in substantial part therefrom." That is very inclusive language. Products for human food, products for livestock feed, and products for poultry, as provided for in the Reed amendment, include both livestock and poultry. It does not include human food, and, perhaps, it does not include many other things. In other words, it would be the same as if an amendment were offered proposing to pay \$50 for



something, and it were voted down, and then someone would offer an amendment to make the amount \$25, which would be in order.

So, in the opinion of the Chair, the amendment now offered, relating merely to livestock or poultry feed, covers a portion, and a very considerably less portion, of the products processed or manufactured, than are included in the amendment passed upon day before yesterday. Therefore, it is in order, in the judgment of the Chair.

Mr. MYERS. Mr. President, I am not a farm boy. I was born in a city, reared in a city, educated in a city, and still live in a city. Nevertheless, I am concerned with the farmers' problems and the farmers' prosperity. The situation which now faces us would certainly be amusing if it were not so tragic. For tragedy faces not only the American consumer in the city but the consumer on the farm. Here grown men, the Congress of the United States, indicate that it is possible to remove ceilings on the raw product and yet continue ceilings on the finished product. We might just as well remove ceilings on steel and yet keep ceilings on every article processed from steel. We might just as well remove the ceilings on cattle, decontrol cattle, but continue ceilings on every piece of meat which is sold in the Nation through the packer, the wholesaler, and the retailer.

Here we are asked to decontrol all grains. Probably a thousand or 2,000 articles may be processed from grains, yet this same amendment continues ceilings on every product that is processed from grains.

If any Senator deliberately and intentionally set out to frame an amendment which could not be administered, or to frame an amendment which would torpedo price control, he could find no more effective weapon than this proposal.

So, Mr. President, why not be frank about it? The advocates of the pending amendment should decontrol everything, or keep some satisfactory, worth while, sane controls in effect. For the Congress of the United States to decontrol grain and say, "Well, we do not want to increase the price of bread or cereals, or other food products," is not understandable, because an amendment like this would remove the controls on all the raw materials from which many foods are processed. It will necessarily increase the price to the consumer of all foodstuffs which are made from these raw materials.

A few days ago I read a letter written by a wholesale grocer in Pennsylvania. Someone later questioned what was stated in the letter. But the grocer did say that in April he had bought flour at \$6 a barrel, and in July, after the removal of price controls, he had to pay \$11 and some cents a barrel for flour. That means an increase in the price of bread, an increase in the price of much that goes on the poor man's table.

So, Mr. President, let us not hide behind the phraseology of this amendment. Those who propose the amendment, those who vote for it, must admit that prices of foodstuffs are going up if the amendment becomes law. In order to increase the supply of feed in some areas it is

proposed to break down all price controls. It is as if one had a sore thumb and cured it by cutting off his arm. That is exactly what this amendment will do.

Mr. President, I hope the amendment will be rejected.

Mr. TAYLOR. Mr. President, I have tried to be consistent in this matter of the renewal of OPA. I imagine many other Senators have had the same pressures put upon them as I have had. There have been representatives of different groups sent all the way to Washington from Idaho to plead and cajole and possibly threaten a little in attempting to persuade me to vote to release this article or that article from price control. Some of the arguments have been very persuasive. I have been moved by them, and wish I could comply with the requests. But, as I have said, I have tried to be consistent.

Unlike some of my colleagues, I have confidence in those who are administering OPA. One of the strangest things I have noticed since I have been in Washington is that, taking OPA for example, that being probably the most outstanding instance, there are men connected with it who have been with large corporations—General Foods, for example. I remember one man from General Foods working for OPA who was a very capable man, in my estimation.

Senators abuse these officials and call them bureaucrats the minute they start to work for the Government, but I guess that as soon as they resign from the Government and go back to their private enterprise, they will be heroes of private enterprise.

I have confidence in the administration of OPA. We would have much better administration, possibly, if we did not abuse the well-meaning and capable citizens who patriotically come here from private industry to help us out.

I cannot see my way clear to show any favoritism in this matter. It is a question of choice between the lesser of two evils. I do not claim that OPA is a picnic or a happy day for anyone. I know it has put some people out of business because OPA did not act on their requests for adjustments soon enough. On the other hand, if OPA is finally killed off, and the inflation spiral continues, I am afraid that numberless small businessmen will be put out of business when the boom reaches its full crest and then collapses. It has happened before.

So, much as I have been moved by the pleas of the Senators from the Northeastern States—and I know that the people of that section must be in dire straits, and I would like to help them in this matter if I could—I am compelled to vote against the pending amendment. I have voted against every amendment, because, as I have said, I think we should leave it to OPA to decontrol things in an orderly way, as I am sure they will as fast as they possibly can.

Mr. KILGORE. Mr. President, will the Senator yield?

Mr. TAYLOR. I yield.

Mr. KILGORE. Some time ago the Senator spoke of numerous people who had come to him from Idaho. I was impressed by the fact that the Senator mentioned that each one was asking that

controls be taken off a commodity in which a specific individual or group of individuals was interested. Was it also the Senator's experience that most of them said, "Now, I am in favor of OPA, but I think in this bill you must take the price ceilings off these articles." Was that the Senator's experience?

Mr. TAYLOR. They made it clear to me that they were representing a certain group or groups, and they wanted to keep hands off entirely as far as other things were concerned.

Mr. KILGORE. Did not the Senator get the impression also that each one really felt, and sincerely felt, that his price ceilings could be removed and the others undisturbed, so that he would be affected only in the price he got for his material, and not in the price he was going to have to pay for the things he was going to have to buy?

Mr. TAYLOR. That is a statement of fact.

Mr. KILGORE. I wondered if other Senators had had the same experience I had.

Mr. TAYLOR. Yes. Every man seems to think if he can have price controls removed from his product it will not affect anyone else, or that he will not be affected at all because someone else happens to get his product out from under price control.

Mr. President, in voting against the pending amendment I am not doing it to injure the people of the Northeastern States. Regardless of what the Senator from Ohio said to the effect that we were going to have the bill exactly as it leaves this Chamber, I am hopeful we will get a better bill out of conference than we are voting here at the present time, that the conferees will either be consistent and put grain and poultry and dairy products back under control, or will decontrol wheat, one or the other.

Inasmuch as I have voted against all amendments decontrolling specific products, I am going to vote against the pending amendment.

I wish to make another appeal to the Senate. Yesterday I called attention to the situation in Hungary, where price controls were removed a year ago, and the pengő which was worth 17 cents at one time, had gone to such a point that it took trillions of them to be worth a dollar. In fact, it had finally gotten to the point where they were good only for waste paper.

Mr. President, I have here another editorial from the Washington Post of this morning, one paragraph of which I wish to read, and then to have the entire editorial inserted in the Record. We are not conducting an experiment here in what can happen when we destroy price control. We have the object lesson of what has happened in Hungary. The title of the editorial is "Inflation in Hungary."

The editorial proceeds:

Hungary has been reduced to desperate straits by the monstrous inflation that followed removal of all price controls after the country had been liberated from the Germans. Austria, where wages and prices are rigidly controlled, is said to be much better off than her neighbor, despite shortages as great as, or greater than, those of Hungary, and equally urgent reconstruction needs.

The editor goes on to tell how the streets of Budapest are strewn with paper currency which is of no value whatever. At the end of the editorial we find the following:

Hungary has learned the hard way that it is safer to ration scarce commodities than to proceed on the rash assumption that a bad situation cannot be made much worse by dispensing with controls and letting prices rise unchecked.

Here we have in a very concrete form the lesson of what can very likely happen to us, and yet we proceed merrily on our way scuttling price control.

I plead with the Senate to take cognizance of the lesson that is before us in the case of Hungary, which did away with price controls 1 year ago, and Austria, which kept price controls. Austria is moving along in an orderly manner, and Hungary is prostrate.

I ask unanimous consent that the whole editorial be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### INFLATION IN HUNGARY

Hungary has been reduced to desperate straits by the monstrous inflation that followed removal of all price controls after the country had been liberated from the Germans. Austria, where wages and prices are rigidly controlled, is said to be much better off than her neighbor, despite shortages as great as or greater than those of Hungary, and equally urgent reconstruction needs. That is not surprising, for when inflation reaches the point at which currency has to be spent immediately by the holder to avoid heavy losses, an economy based on money simply falls apart.

Stories from Budapest state that the streets are littered with discarded paper money that has entirely lost its value. The wonder is that anyone is willing to take paper of even fantastically large denominations. However, so long as the seller of goods harbors a hope of exchanging rapidly depreciating money for other goods at a nominal profit a certain amount of money will continue to circulate, supplementing the barter economy that always flourishes under such conditions.

The major sufferers from such conditions are the wage earners and salaried workers who receive their pay in money. Wage and salary increases can never keep pace with inflationary advances in prices. Shops in Budapest are reported to be closing early so that by the time workers are released from factories and offices, they find themselves deprived of the opportunity to buy necessities. That, of course, is just another form of flight from the currency—one that carries a threat of starvation to those who are dependent on paper money.

It takes little imagination to picture the effect of such demoralizing conditions upon worker morale and employer activity. Production for the market becomes a gamble that few care to risk. So far as the worker is concerned, the effort to earn a living is a losing game that is bound to end in destitution and suffering. Hungary has learned the hard way that it is safer to ration scarce commodities than to proceed on the rash assumption that a bad situation cannot be made much worse by dispensing with controls and letting prices rise unchecked.

Mr. LANGER. Mr. Chairman, I ask for the yeas and nays on the pending amendment.

The yeas and nays were ordered.

Mr. BARKLEY. A parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. BARKLEY. The vote now is on the substitute offered by the Senator from Louisiana [Mr. OVERTON] to the modified amendment offered by the Senator from New Hampshire [Mr. BRIDGES].

The PRESIDENT pro tempore. The Senator is correct.

Mr. AIKEN. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hart	O'Daniel
Austin	Hawkes	O'Mahoney
Ball	Hayden	Overton
Barkley	Hill	Pepper
Brewster	Hoey	Radcliffe
Bridges	Huffman	Reed
Briggs	Johnson, Colo.	Revercomb
Brooks	Johnston, S. C.	Robertson
Buck	Kilgore	Russell
Burch	Knowland	Smith
Bushfield	La Follette	Stanfill
Capehart	Langer	Stewart
Capper	Lucas	Swift
Carville	McCarran	Taft
Cordon	McClellan	Taylor
Donnell	McKellar	Thomas, Okla.
Downey	McMahon	Thomas, Utah
Eastland	Magnuson	Tobey
Ferguson	Mead	Tunnell
Fulbright	Millikin	Wagner
George	Mitchell	Walsh
Gerry	Moore	Wherry
Gossett	Morse	White
Green	Murdoch	Wiley
Guffey	Murray	Wilson
Gurney	Myers	Young

The PRESIDENT pro tempore. Seventy-eight Senators having answered to their names, a quorum is present.

The question is on agreeing to the substitute amendment offered by the Senator from Louisiana [Mr. OVERTON] to the modified amendment offered by the Senator from New Hampshire [Mr. BRIDGES].

Mr. BRIDGES. Mr. President, may I explain my position, which is a rather difficult one. The Overton substitute is word for word the amendment which I offered. When the point of order was raised against my amendment, which I was advised probably would be sustained, I agreed in good faith to accept the co-operation of the majority leader [Mr. BARKLEY] in modifying the form of the amendment. I did this because I wanted to get some protection to save the dairy farmers, livestock and poultry raisers of my section. Then the Chair ruled the original amendment which I offered, and which has now been offered by the Senator from Louisiana [Mr. OVERTON] to be in order. Therefore I cannot object to the pending amendment, which was originally proposed by me. At the same time I do not like publicly to break faith, or privately either, with the majority leader, the Senator from Kentucky [Mr. BARKLEY], after his cooperation in perfecting a modified form of my amendment. I wanted to explain my position because I shall vote in favor of my original amendment now being offered by the Senator from Louisiana. What I seek is the most effective and reasonable amendment which I believe is the original one I offered.

Mr. OVERTON. Mr. President, the Senator from New Hampshire has made a correct statement. I have no interest at all in the amendment, except I

thought it was bad legislation. I thought the Reed amendment also was bad legislation. I was opposed to it. It is true I did not vote on it because I was absent at the time the vote was taken on it, being unavoidably detained. I thought the modified amendment offered by the Senator from New Hampshire was also bad legislation, and in an effort to have what I thought was proper legislation on the subject matter I took the original amendment offered by the Senator from New Hampshire and offered it as a substitute. The Senator from New Hampshire is entitled to all the credit.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. AIKEN. I wish to say that I find myself in exactly the same position as does the Senator from New Hampshire. The grapevine apparently was out of order, because we felt very strongly that the original amendment offered by the Senator from New Hampshire was to be ruled out on a point of order. That was not done.

I wish to say that I do think this amendment is very much different from the one which was offered yesterday, which would have covered all human foodstuffs as well. For that reason I thought it was better to accept the Barkley modification than to have nothing at all voted upon.

Mr. OVERTON's substitute for the modified amendment offered by Mr. BRIDGES is as follows:

On page 9, between lines 14 and 15, to insert the following:

"(10) No maximum price and no regulation or order under this act or the Stabilization Act of 1942, as amended, shall be applicable with respect to grains for which standards have been established under the United States Grain Standards Act, as amended, and any livestock or poultry feed processed or manufactured in whole or substantial part therefrom."

The PRESIDENT pro tempore. The yeas and nays have been ordered on the amendment. The clerk will call the roll.

The legislative clerk called the roll.

Mr. HILL. I announce that the Senator from Florida [Mr. ANDREWS] and the Senator from North Carolina [Mr. BAILEY] are absent because of illness.

The Senator from South Carolina [Mr. MAYBANK] and the Senator from Montana [Mr. WHEELER] are absent by leave of the Senate.

The Senator from Mississippi [Mr. BILBO] and the Senator from Arizona [Mr. McFARLAND] are detained on public business.

The Senator from Virginia [Mr. BYRD] and the Senator from New Mexico [Mr. CHAVEZ] are detained on official business.

The Senator from New Mexico [Mr. HATCH] is absent on official business, having been appointed a member of the President's Evaluation Commission in connection with the test of atomic bombs on naval vessels at Bikini.

The Senator from Louisiana [Mr. ELLENDER] and the Senator from Maryland [Mr. TYDINGS] are absent on official business, having been appointed to the commission on the part of the Senate to participate in the Philippine independence ceremonies.



The Senator from Texas [Mr. CONNALLY] is absent on official business, attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State. He has a general pair with the Senator from Michigan [Mr. VANDENBERG].

If present and voting the Senator from New Mexico [Mr. CHAVEZ] would vote "nay."

Mr. WHERRY. The Senator from Michigan [Mr. VANDENBERG] is absent on official business attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State. He has a general pair with the Senator from Texas [Mr. CONNALLY].

The Senator from Massachusetts [Mr. SALTONSTALL] is absent on official business, having been appointed a member of the President's Evaluation Commission in connection with the test of atomic bombs on naval vessels at Bikini.

The Senator from Iowa [Mr. HICKENLOOPER] is absent by leave of the Senate on official business as a member of the Special Committee on Atomic Energy.

The Senator from Nebraska [Mr. BUTLER] is absent on official business, being a member of the commission appointed to attend the Philippine Independence ceremonies.

The Senator from Minnesota [Mr. SHIPSTEAD] is absent by leave of the Senate.

The Senator from Indiana [Mr. WILLIS] is necessarily absent. If present he would vote "yea."

The result was announced—yeas 42, nays 36, as follows:

## YEAS—42

Alken	Fulbright	Reed
Austin	George	Robertson
Ball	Gossett	Smith
Brewster	Gurney	Stanfill
Bridges	Hart	Stewart
Brooks	Hawkes	Taft
Buck	Johnson, Colo.	Thomas, Okla.
Bushfield	Langer	Tobey
Capehart	McClellan	Walsh
Capper	Millikin	Wherry
Cordon	Moore	White
Donnell	O'Daniel	Wiley
Eastland	Overton	Wilson
Ferguson	Radcliffe	Young

## NAYS—36

Barkley	Johnston, S. C.	Murdock
Briggs	Kilgore	Murray
Burch	Knowland	Myers
Carville	La Follette	O'Mahoney
Downey	Lucas	Pepper
Gerry	McCarran	Revercomb
Green	McKellar	Russell
Guffey	McMahon	Swift
Hayden	Magnuson	Taylor
Hill	Mead	Thomas, Utah
Hoey	Mitchell	Tunnell
Huffman	Morse	Wagner

## NOT VOTING—18

Andrews	Connally	Saltonstall
Bailey	Ellender	Shipstead
Bilbo	Hatch	Tydings
Butler	Hickenlooper	Vandenberg
Byrd	McFarland	Wheeler
Chavez	Maybank	Willis

So, Mr. OVERTON's amendment in the nature of a substitute for the amendment of Mr. BRIDGES, as modified, was agreed to.

The PRESIDENT pro tempore. The question now is on agreeing to the amendment offered by the Senator from New Hampshire [Mr. BRIDGES], as amended. [Putting the question.] The Chair is in doubt.

Mr. REED. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. OVERTON. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. OVERTON. The amendment which I offered was a substitute for the amendment offered by the Senator from New Hampshire [Mr. BRIDGES], was it not?

The PRESIDENT pro tempore. The Senator is correct. The parliamentarian advises the Chair that the Senate must vote on the amendment of the Senator from New Hampshire as amended, which is exactly the same as the substitute. The clerk will call the roll.

The legislative clerk called the roll.

Mr. HILL. I announce that the Senator from Florida [Mr. ANDREWS] and the Senator from North Carolina [Mr. BAILEY] are absent because of illness.

The Senator from South Carolina [Mr. MAYBANK], and the Senator from Montana [Mr. WHEELER] are absent by leave of the Senate.

The Senator from Mississippi [Mr. BILBO], and the Senator from Arizona [Mr. McFARLAND] are detained on public business.

The Senator from Virginia [Mr. BYRD] is detained on official business.

The Senator from New Mexico [Mr. HATCH] is absent on official business, having been appointed a member of the President's Evaluation Commission in connection with the test of atomic bombs on naval vessels at Bikini.

The Senator from Louisiana [Mr. ELLENDER] and the Senator from Maryland [Mr. TYDINGS] are absent on official business, having been appointed to the commission on the part of the Senate to participate in the Philippine independence ceremonies.

The Senator from Texas [Mr. CONNALLY] is absent on official business, attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State. He has a general pair with the Senator from Michigan [Mr. VANDENBERG].

Mr. WHERRY. The Senator from Michigan [Mr. VANDENBERG] is absent on official business, attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State. He has a general pair with the Senator from Texas [Mr. CONNALLY].

The Senator from Massachusetts [Mr. SALTONSTALL] is absent on official business, having been appointed a member of the President's Evaluation Commission in connection with the test of atomic bombs on naval vessels at Bikini.

The Senator from Iowa [Mr. HICKENLOOPER] is absent by leave of the Senate on official business as a member of the Special Committee on Atomic Energy.

The Senator from Nebraska [Mr. BUTLER] is absent on official business, being a member of the commission appointed to attend the Philippine independence ceremonies.

The Senator from Minnesota [Mr. SHIPSTEAD] is absent by leave of the Senate.

The Senator from Indiana [Mr. WILLIS] is necessarily absent. If present, he would vote "yea."

The result was announced—yeas 45, nays 34, as follows:

## YEAS—45

Alken	Fulbright	Radcliffe
Austin	George	Reed
Ball	Gossett	Robertson
Brewster	Gurney	Smith
Bridges	Hart	Stanfill
Brooks	Hawkes	Stewart
Buck	Hoey	Taft
Burch	Johnson, Colo.	Thomas, Okla.
Bushfield	Johnston, S. C.	Tobey
Capehart	Langer	Walsh
Capper	McClellan	Wherry
Cordon	Millikin	White
Donnell	Moore	Wiley
Eastland	O'Daniel	Wilson
Ferguson	Overton	Young

## NAYS—34

Barkley	Knowland	Myers
Briggs	La Follette	O'Mahoney
Carville	Lucas	Pepper
Chavez	McCarran	Revercomb
Downey	McKellar	Russell
Gerry	McMahon	Swift
Green	Magnuson	Taylor
Guffey	Mead	Thomas, Utah
Hayden	Mitchell	Tunnell
Hill	Morse	Wagner
Huffman	Murdock	
Kilgore	Murray	

## NOT VOTING—17

Andrews	Ellender	Shipstead
Bailey	Hatch	Tydings
Bilbo	Hickenlooper	Vandenberg
Butler	McFarland	Wheeler
Byrd	Maybank	Willis
Connally	Saltonstall	

So, Mr. BRIDGES' amendment as amended was agreed to.

Mr. TOBEY. Mr. President, I move that the Senate reconsider the vote by which the amendment was adopted.

Mr. BRIDGES. I move to lay on the table the motion to reconsider.

The PRESIDENT pro tempore. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. HOEY. Mr. President, I send to the desk an amendment, which I offer on behalf of the Senator from Georgia [Mr. GEORGE], the Senator from Maryland [Mr. RADCLIFFE], the Senator from South Carolina [Mr. MAYBANK], the junior Senator from South Carolina [Mr. JOHNSTON], the Senator from Kentucky [Mr. STANFILL], the junior Senator from Georgia [Mr. RUSSELL], the Senator from Virginia [Mr. BURCH], and myself. I ask to have the amendment stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 9, between lines 14 and 15, it is proposed to insert the following:

(11) No maximum price and no regulation or order under this act or the Stabilization Act of 1942 as amended, shall be applicable with respect to leaf tobacco and tobacco products processed or manufactured in whole or a substantial part therefrom.

Mr. HOEY. Mr. President, this amendment is identical to the one adopted to the previous OPA bill. It is admitted on every hand that there is an ample supply of both tobacco and tobacco products. The Secretary of Agriculture has made the statement that the

crop report issued on July 10 shows that the leaf tobacco crop for 1946 amounts to 1,274,000,000 pounds. It shows that the amount of the 1946 crop, all combined—both leaf tobacco, flue-cured tobacco, burley tobacco, all of it—will exceed 2,000,000,000 pounds.

I may say in this connection that under this joint resolution, if passed of course, the Department of Agriculture would have authority to release tobacco and tobacco products from controls, and I do not think there would be any hesitancy in doing so. But the emergency which requires the adoption of the amendment at this time is that the tobacco market opens on July 24, and under the joint resolution it would take some time to remove controls from tobacco and tobacco products.

It will be recalled that under the joint resolution it is the duty of the Secretary of Agriculture to certify the commodities which are in short supply, but he must do that within 30 days following the enactment of this measure, and prior to September 1. Therefore, if the joint resolution is passed without including the pending amendment, it would be too late before tobacco could be decontrolled, for the tobacco markets would be open and a large part of the farmer's crop would have been sold. Yesterday, I was advised by the Department of Agriculture that it is in favor of decontrolling tobacco. I was also advised by the OPA that it has no objections to having tobacco and tobacco products released from controls, so far as it, the OPA, is concerned. I do not mean to say that they suggested that I offer this amendment. But they said that when the certification by the Secretary of Agriculture that tobacco was not in short supply came to them, if it should come, of course they would decontrol tobacco because there would be an adequate supply.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. HOEY. I yield.

Mr. PEPPER. If the OPA and the Secretary of Agriculture feel that way about it, would not the OPA Administrator have authority to decontrol tobacco, so that there would be no necessity for the amendment?

Mr. HOEY. No. When this joint resolution is passed, then the OPA will decontrol only upon a certificate by the Secretary of Agriculture that the commodity is not in short supply. But the joint resolution provides that the Secretary of Agriculture must so certify within 30 days preceding the first day of the following month. Therefore, he could not certify that tobacco was in short supply until about September 1. The markets in the State of Georgia open beginning on July 24. In South Carolina they open the following week. In my State they open the following week. So the farmers would have a large part of their supply sold before decontrol could take effect, unless the amendment I have proposed is adopted.

Mr. PEPPER. Mr. President, will the Senator further yield?

Mr. HOEY. I yield.

Mr. PEPPER. Is not the distinction, though, that the theory of those of us who are opposing these amendments is that it is wrong for the Congress to decontrol commodities when we are still facing rising inflation? Of course, when I say that I frankly state that we attribute the utmost good faith to the probity and accuracy of the report of the able Senator from North Carolina. Tobacco is an important commodity in my State, just as are the other commodities with which we have dealt by way of decontrol. If the administrative agency, having the full facts before it, determines what the proper price is and moves it one way or the other, or if it determines upon decontrol, then I have no objection whatsoever to decontrol, and in some cases I welcome it. But there is a distinction, is there not, between having the Congress pass upon matters with which it is not familiar, as compared to leaving the matter to the administrative agency which is supposed to be informed as to the facts?

Mr. HOEY. I may say to the Senator from Florida that every agency holds that there is an adequate supply of tobacco. Other commodities have been decontrolled in the pending measure. It is simpler and would save time and would enable the farmers to receive whatever price they would get on the basis of the grade of their tobacco, if the amendment could be adopted and tobacco decontrolled before the markets open, so that the growers in Florida, South Carolina, North Carolina, Georgia, and the other States concerned would have a fair chance to receive whatever increased price might come to them because of the increase in the price of the particular grade of tobacco which they grow.

Mr. PEPPER. Mr. President, I think it would save time to modify the amendment so as to provide for the decontrol of all commodities.

Mr. BURCH. Mr. President, will the Senator yield?

Mr. HOEY. I yield.

Mr. BURCH. Is it not a fact that if the OPA were still in effect, tobacco would be decontrolled anyway, and would no longer be under the ceiling price controls?

Mr. HOEY. It would be.

Mr. BURCH. That is true because the production of tobacco this year is in excess of the consumption, both as regards the domestic and the foreign trade.

Mr. HOEY. That is correct.

Mr. President, I know of no objection to the amendment. I shall not trespass on the time of the Senate. I trust that the amendment will be adopted.

The PRESIDING OFFICER (Mr. TUNNELL in the chair). The question is on agreeing to the amendment offered by the Senator from North Carolina and other Senators.

The amendment was agreed to.

#### PLANS FOR REORGANIZATION OF EXECUTIVE DEPARTMENTS

Mr. WILEY. Mr. President, yesterday I served notice of my intention to call up, respectively, Senate Concurrent Resolutions 64, 65, and 66, disapproving the President's reorganization plans Nos. 1,

2, and 3. The House has taken action disapproving the plans.

I have been informed by the majority leader that there will be a session tonight and a session tomorrow. I have tried to obtain an agreement with him to the effect that these resolutions would be called up tomorrow. But I have not been able to obtain such an agreement.

I tried to get an agreement yesterday. I tried to get one today. But I wish to say that in view of the fact that there is still hope that we shall be able to dispose of the OPA legislation this evening, and in view of the repeated requests of both Democrats and Republicans that I defer moving the consideration of these resolutions, I am not going to move for their consideration this evening. However, Mr. President, I shall take the time now, briefly, to discuss the situation because I sincerely believe that a large majority of the Senate have failed to understand what is involved. I shall be very brief.

Mr. OVERTON. Mr. President, will the Senator yield so that I can propound a parliamentary inquiry in connection with the matter which has been brought before the Senate?

Mr. WILEY. I prefer not to yield at the present time. I have waited all afternoon for the opportunity to speak.

Mr. OVERTON. A time has been prescribed for debate, and I wish to know whether it is in relation to each plan or all plans. I understand that there is a 10-hour limitation to the debate on each plan.

Mr. WILEY. As I understand, 10 hours is the maximum length of time allowed to each side.

Mr. OVERTON. I should like to have the matter settled. I make a parliamentary inquiry, Mr. President. What is the limitation on debate in respect to the motion proposed by the Senator from Wisconsin?

The PRESIDING OFFICER. The Senator has not made any motion.

Mr. OVERTON. I refer to the motion which he proposes to make.

The PRESIDING OFFICER. The Senator from Wisconsin has not made any motion or proposal.

Mr. OVERTON. What is the limitation with respect to a motion to proceed to the consideration of a reorganization plan?

The PRESIDING OFFICER. After the motion has been agreed to, 5 hours is allowed on each side.

Mr. OVERTON. Is that with reference to each plan or all plans?

The PRESIDING OFFICER. Five hours is allowed each side, or a total of 10 hours on each plan.

Mr. WILEY. Mr. President, I invite the attention of the Senate to the fact that the act known as an act to provide for the reorganization of Government agencies, and for other purposes, was passed in 1945. I invite attention to the provision in that act under which the Senate and the House agreed that the purpose of the Reorganization Act was to reduce the number of agencies by consolidating those having similar functions, and—



Mr. BARKLEY. Mr. President, will the Senator yield to me in order that I may make a statement for the benefit of the Senate?

Mr. WILEY. I yield.

Mr. BARKLEY. I have been asked privately by Senators what is the program for the further procedure of the Senate. I have said that so far as I can control the situation, we will continue on into the evening and endeavor to dispose of the pending joint resolution. The sooner we dispose of it the sooner we can take up other legislative matters, including the one about which the Senator from Wisconsin is now speaking. I hope that Senators will agree to the program and remain in the Senate so that we may conclude consideration of the pending joint resolution.

Mr. RUSSELL. Mr. President, will the Senator from Wisconsin yield to me so that I may propound an inquiry to the Senator from Kentucky?

Mr. WILEY. I yield.

Mr. RUSSELL. I wonder if the Senator from Kentucky has given any thought to obtaining unanimous consent to vote by a certain hour on Monday next on the matter which the Senator from Wisconsin has in mind?

Mr. BARKLEY. The Senator is not going to bring it up now and is endeavoring to explain why. I will say further that a session of the Senate will be held tomorrow, regardless of what happens with the OPA measure tonight. Even if we dispose of the measure tonight, we will hold a session tomorrow. There is plenty for the Senate to do.

Mr. WILEY. Mr. President, at the time I yielded to the distinguished majority leader I was inviting the attention of the Senate to the fact that the act which provides for a reorganization of Government agencies includes, as its objectives, the reduction of a number of agencies and the elimination of overlapping and duplication of effort. Subsection (c) of section 6 provides as follows:

It is the expectation of Congress that the transfers, consolidations, coordinations, and abolitions under this act shall accomplish an over-all reduction of at least 25 percent in the administrative costs of the agency or agencies affected.

The House held extended hearings on the matter. There were three organization plans submitted. I shall not go into detail with reference to them.

Three resolutions were submitted in the House disapproving the plans because, it was said, they would not reduce the overhead expenses; nor the personnel. Instead, it was stated by one executive officer that they would increase the cost of government by some \$4,000,000. But, be that as it may, Mr. President, I personally feel that when the President of the United States submitted plans for reorganization, the presumption was that they contained merit. But when the other House, after extensive hearings, concluded that the plans did not follow the intent or the idea of the proposed legislation, the matter then came to the Judiciary Committee of the Senate. The Judiciary Committee held extensive hearings in this respect: One or two Members sat in at the sessions and considerable evidence was adduced. But

there is practically no evidence which would in any way run contrary to the findings made by the other House.

Mr. President, as the Members of the Senate know, under the law which was enacted in 1945—and in my humble opinion it was very poor legislation—the Executive was given extraordinary power. Congress said, in effect, that if the two Houses did not act together or one disagreed with the other, the plan of the Executive would become law. The President not only possesses his constitutional veto, but Congress has created an additional veto upon its own legislative power.

What is more, it was provided in the act that if action is not taken within 60 days disavowing the act of the Executive, not by one but by both Houses of Congress, it would become law.

I invite the attention of the Senate to the fact that those 60 days will terminate on next Monday at midnight. All I have asked the majority leader to do is to agree to displace the pending joint resolution tomorrow and Monday so that the Senate can take up the matter about which I have been speaking. I have heard Senators condemn filibustering. What has been taking place? We are being filibustered out of our right to vote on these resolutions.

We have heard the distinguished Senator from Louisiana ask how much time is to be allowed for debate. It was announced by the Chair that 10 hours was the maximum that could be used on each resolution. I believe that, no matter how Senators will vote upon the resolutions, in all common sense and decency they should permit these resolutions to be brought to the floor and to be voted upon. They should not allow the resolutions to go by default.

Mr. President, I appreciate the desire of the majority leader to complete as soon as possible consideration of the pending OPA joint resolution, and I do not for one moment underestimate the importance of it. I do not underestimate the importance of a situation wherein there might be no OPA of any kind. I have spoken on that subject before. The fact is completely obvious that, in view of the number of amendments which have been already proposed to the joint resolution—I was told this afternoon that there are still 15 not acted upon—it has been extensively amended. Therefore it seems to me perfectly reasonable and sensible to displace the OPA joint resolution and postpone its further consideration until next Tuesday. A print should be made of all the amendments which have been agreed to in connection with the joint resolution, and in the meantime we should dispose of these three resolutions. I have stated that I suggested to the majority leader that that be done. But nothing has been done.

A few days ago some very fine things were said about him, and I wish to say that I think never in the history of the Democratic Party has any man served so long and so faithfully, irrespective of his own convictions, the cause of his party, and no man has ever served better. That is an honest appraisal, by a Republican. I have marveled at his physi-

cal stamina; I have marveled at his ability to come out of a tired spell and answer the challenges. But in this particular instance I want to tell him I am not unaware of what he is attempting to do. When the show is over it will be very apparent, if he succeeds, that there will be no vote on these three resolutions.

Mr. BARKLEY. Mr. President, I resent that statement. I have told the Senator from Wisconsin a half a dozen times that all I am seeking to do is to have the pending legislation disposed of, and insofar as I am concerned, immediately upon its disposition, we can take up these resolutions and vote upon them. The sooner the Senator from Wisconsin will let us proceed with the pending legislation the sooner we can conclude it and get a vote on it and on the resolutions.

If the Senator means that I am deliberately seeking, by trying to conclude the pending legislation we have before us, to prevent a vote on these resolutions, there is not a word of truth in it, and I resent that implication coming from the Senator from Wisconsin or any other Senator.

Mr. WILEY. The Senator has a perfect right to resent anything I say. I do not want to get him aroused unduly, because I would not like to see him have an apoplectic fit. I have seen him close to it several times, and I do not want such a thing to happen. I would not have it happen for the world. I love him as I love every other Senator who is doing a good job.

Mr. BARKLEY. Mr. President—

Mr. WILEY. Mr. President, I have the floor. I have not yielded to the Senator.

Mr. BARKLEY. I do not want to ask the Senator to yield.

Mr. WILEY. What I said was strictly in line with my talk with the distinguished Senator. He said to me, "After we get through with OPA you can have the floor." If after we get through with OPA it is 12 o'clock Monday evening, we will not have a chance to express our sentiments.

To confirm that, for 2 nights we were to have night sessions. Last night we adjourned for 2 hours, to get something to eat, and we came back expecting to run into the morning hours and clean this matter up. At 10:30 we were recessed. We did not follow through. At another night session before that, we did not follow through. At least I think the facts sustain my conclusion, and this is not said in an uncomplimentary manner; it is said to compliment "the general." Generals plan and execute, and the execution so far has been wonderful. We did not get to an amendment until 4 o'clock this afternoon, and I am informed that there are 15 more amendments. So, without meaning anything personal, I say the Senator is doing an extremely good job.

I pointed out yesterday that the President's reorganization plans will go into effect on Monday, July 15, 1946, if no action is taken by the Senate, or if action is taken sustaining the President's position. It will be most unfortunate that the reorganization plans should go

into effect simply by default of the Senate; that is, its failure to take any action whatsoever.

My whole purpose tomorrow, then, immediately after we meet, is to call up these resolutions and ask Senators to vote, not their convictions on the plans, but to vote that the resolutions be taken up.

There is a difference, Mr. President. I talked to one Senator today on the other side, who said, "I will vote with you to take them up, but I will vote against the House resolutions." I said, "That is perfectly fair." All I want is a chance here. All I want is an opportunity for the Senate to voice its convictions for or against the resolutions in spite of the strangulation process which we legislators imposed upon ourselves.

I repeat, my whole purpose will be to call up each of these resolutions so that the Senate can take action one way or the other, so that they can be voted on in time. In view of these facts, I repeat that I am asking each Senator to give consideration to the matter, so that Senators will understand the issue tomorrow, and, when the Senate convenes, vote upon whether or not they are willing to set aside temporarily the OPA joint resolution and take these matters up, so that they can be considered.

Mr. President, I heard the suggestion that we wait until Monday. I heard the suggestion yesterday, when I was ready to make the motion, that we wait until today. Now the suggestion is to wait until tomorrow.

Monday, Senators will have a chance to vote upon only one of those resolutions. I am not a prophet or the son of a prophet, but I know many fine men who talk in this Chamber about the terrible thing known as filibuster. A Senator would not have to talk very long to put the resolutions out the window. At 12 o'clock Monday night Senators will have no voice in saying whether they want the reorganization plans to go into effect or not.

The distinguished majority leader said something about my talking. I do not think I have talked more than 15 minutes today. This is my first experience today, and yesterday I talked about 5 minutes. If there is any implication that I was trying to do any undue talking, I might resent that. But I do not resent it. I merely praise the Senator for his splendid ability, for his magnificent courage in fighting for his cause, and following his leader through thick and thin, taking orders, obeying and executing, whether he is appreciated or not, at the other end of the Avenue.

I say that with a sincerity that is deep down. He is a marvel to me, and nothing I have said should cause him to speak in terms of resentment of what I have said. What I have said has not been uttered with any other meaning than to demonstrate love and affection for him.

I call attention again to the fact that the time is running out, and I ask Senators to join with me in getting these resolutions in such position that Senators can say "Yes" or "No" on bringing them up. Then let their convictions determine which course they will follow in voting upon the resolutions themselves.

Tomorrow when the Senate meets, I shall expect to be recognized, and I shall make a privileged motion.

#### EXTENSION OF PRICE CONTROL

The Senate resumed consideration of the joint resolution (H. J. Res. 371) extending the effective period of the Emergency Price Control Act of 1942, as amended, and the Stabilization Act of 1942, as amended.

Mr. JOHNSTON of South Carolina. Mr. President, on behalf of the Senator from Georgia [Mr. GEORGE], the Senator from Colorado [Mr. MILLIKIN], the Senator from North Carolina [Mr. HOEY], and myself, I offer an amendment, which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to insert at the proper place in the joint resolution the following:

In establishing maximum prices for sales of finished woven fabrics made primarily of cotton fiber or for the sales of apparel made therefrom it shall be unlawful for the Administrator to establish or maintain differentials in the method of determining the basic grey goods cost or the finished woven fabrics cost to which a mark-up is to be applied based on the degree of integration of the seller.

Mr. BARKLEY. Mr. President, the Senator from South Carolina and the Senator from North Carolina have conferred with me about this amendment, and, as it is in line with what the Administrator is attempting to do, I have no objection to it, and shall be glad to take it to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina for himself and other Senators.

The amendment was agreed to.

Mr. BARKLEY. Mr. President, there is a misprint in line 23 on page 7 of the joint resolution. The last word in the line is "minimum." It should be "maximum." I ask that that be corrected.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. RUSSELL. Mr. President, I offer an amendment on behalf of the Senator from South Carolina [Mr. MAYBANK] and myself, and ask to have it stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to insert in the joint resolution at the proper place a new section, as follows:

SEC. —. Subsection (a) of section 3 of the Emergency Price Control Act of 1942, as amended, is amended by striking out the period at the end of the subsection and inserting in lieu thereof the following: "Provided, That no maximum price shall be imposed on pulpwood in any State at a price less than 100 percent of the highest maximum price established for pulpwood derived from trees of the same genus in any other State, zone, or region, except that fair and equitable differentials may be established between peeled and rough pulpwood."

Mr. RUSSELL. Mr. President, I wish to make it perfectly clear that this is not a decontrol amendment. It does not decontrol the commodity of pulpwood, with

which it deals. The purpose of the amendment is to correct what appears to me to be a very flagrant discrimination in the present price-control regulations. This discrimination, according to the Office of Price Administration, grows out of what they call the historical base under which they have fixed a differential on pulpwood of the same type, which ranges from \$9 in the Southeast to \$13.25 for the same kind of wood in the Northeast. Indeed the differential was even greater until recently, when the OPA allowed an increase of \$1.40 in the price of southern pulpwood.

Mr. President, the amendment has the endorsement of the American Farm Bureau Federation. I have in my hand a letter signed by the director of the Washington office, Mr. W. R. Ogg, from which I shall read a couple of paragraphs because I think it explains the justice of the amendment much more clearly and plainly than anything I might say. I read from the letter:

We would appreciate it if you would seek to get an amendment in the OPA extension bill to correct the discriminatory regional differential which OPA is now enforcing with respect to southern pulpwood. Under the OPA regulations the ceiling price of rough southern pine pulpwood is \$9 per cord delivered on board railroad cars throughout most of the South, while ceiling prices for rough pine pulpwood range from \$11 to \$13.25 delivered on cars in the Northeastern and Lake States.

Southern and northern pine pulpwood are used in the manufacture of similar, and in many cases identical, products. We have been advised by the United States Forest Products Laboratory at Madison, Wis., that "high quality products are made from both northern and southern pine." We, therefore, can see no reason why official regulations should require that southern pine pulpwood be sold for less than the lowest price prevailing for pine pulpwood in other areas.

Due to increased cutting and hauling costs, present ceilings allow farmers almost no return for growing pulpwood. OPA's own figures show that southern farmers are now getting an average stumpage return (price of standing timber) of \$2.25 for growing pulpwood.

The Forest Service estimates that southern woodlands are producing pulpwood at an average rate of one-third to one-half cord per acre per year. This means that with stumpage at \$2.25 per cord the farmer is getting a return of only \$0.75 to \$1.12 per acre per year to cover property taxes, fire-protection costs, risk, interest on his investment, management and other expenses such as brushing out roads.

The inadequacy of this return is readily apparent when we analyze the costs of producing pulpwood.

On the basis of data supplied by W. S. Brown, director of the Georgia Extension Service, costs of growing pulpwood in Georgia are estimated to be as follows:

Interest at 5 percent on average land valuation of \$13 per acre—

I wish to call attention to the very low valuation that is put on this timberland. That interest would be 65 cents a year.

Fire protection, 6 cents.

Taxes, 10 cents.

Total with no allowance for risk, fire, or management of the forests, 81 cents per acre.

It is estimated that the annual growth of pulpwood, at 0.4 a cord per acre, would allow the forest farmer, over and above his actual costs, only 9 cents a year per acre for management and risk.



It seems to me, Mr. President, that the discrimination is so manifest that whatever be its cause, be it historical or otherwise, it should be corrected in this measure. When legislation is pending which provides for wage-and-hour legislation, there are times when those of us from the Southeastern States are criticized if we scrutinize it with more care than do Senators from other sections. This is one of the reasons why that is true. It is illustrated very clearly by this amendment, whereby it is apparent that merely because these trees have been produced in the South, they bring under OPA regulations \$3.25 a cord less than do those produced in the more favored States.

I, of course, want to see the people of my State get just as good wages and have just as high income as those of any other State in the Union. That cannot come about until we are admitted to the Union on the basis of full equality, and can sell our commodities, when they are equal in quality, for the same price they bring when produced in other sections of the country.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. WHERRY. Does the discriminatory condition which exists result from the fact that the ceiling price was established on the former basis on which pulpwood in the South was sold?

Mr. RUSSELL. That is what I have been advised by the Office of Price Administration. The amendment does not raise the price of pulpwood. It merely raises the ceiling. I do not understand that it will increase the price of pulpwood now. But we do not want the price held down by Government regulation.

Mr. WHERRY. Because of the increased costs that have occurred since the ceiling was established, probably in labor and other directions, what the Senator is now attempting to do is to establish a ceiling price which is equitable, which is in line with the price in other localities and other districts, and which will permit the pulpwood operators to operate at a profit instead of at a loss?

Mr. RUSSELL. The Senator from Nebraska has explained the situation completely. The amendment provides that there shall be no difference in the price ceiling with respect to trees of the same genus, of the same kind, in any State of the United States. The amendment will be somewhat helpful to the great State of Wisconsin, because it happens that they have a level of 75 cents or \$1 a cord less than is allowed in some other States. I have no guaranty that the wood will sell for the ceiling, but the grower or farmer should not be denied by Federal regulation the opportunity to sell his wood of equal quality on a basis competitive with other areas. I cannot see how in simple justice anyone could oppose the amendment.

Mr. BARKLEY. Before the Senate votes on the amendment I think that a brief statement should be made with reference to it.

A uniform Nation-wide ceiling price for pulpwood does not take into account the differences in cost of production in the various regions of the country.

The present OPA differentials simply recognize the differentials which existed in the prices of pulpwood long before the imposition of ceiling prices, and long before the Stabilization Act and the Price Control Act were passed. It is not true that OPA prices were set at a prewar level; rather they were set at the March 1943 level, which was nearly 2 years after the beginning of price control. Before the ceiling prices were fixed OPA made a study of the industry; this study showed variations in pricing by regions. In all cases an attempt was made to write regulations which conformed to the practices and the historical pattern of the industry.

Neither southern or northern pine nor southern or northern hardwood are comparable as raw materials for pulp manufacturers.

There is no hardship under pricing. Pulpwood growers in the South are now receiving higher stumpage returns than at any time in the past decade. That is before price ceilings were imposed.

Production has been good. Pulpwood receipts in the South have increased from 6,400,000 cords in 1941 to 7,148,000 cords in 1945, a particularly impressive record in view of the many alternative opportunities for employment which were available.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. RUSSELL. I might say that I have been informed by a number of individuals that the production of pulpwood has fallen off tremendously since the German prison labor has not been available. I regret that the distinguished Senator from North Carolina is not at the moment on the floor. He told me about a man in his State who, within the past 2 months, had had to stop production of pulpwood because of the fact that the return did not enable him to pay present labor costs.

Mr. BARKLEY. These are official figures, as I understand, of the amount of production in 1941 as compared with 1945. I do not know what part German prison labor may have played in them, but they are the figures.

The adoption of such drastic flat pricing on a national basis would probably force major revisions in the ceiling prices not only of pulpwood but of other products dependent on the pine forest of the South, including such finished products as kraft paper and paperboard, paper power poles, building lumber, and so forth.

It might also be stated in this connection that in the South all pulp is made of 90 percent of pine timber, and in the North it is made of only 4 percent pine timber. So that when we consider the interchangeability of pine and hardwood for pulpwood purposes there is not only a historical difference between the pricing in the past, but there is a historical difference in the proportion of pine and hardwood that goes into pulpwood for the use of American industry.

So far as I am concerned the Senate can do what it pleases with the amendment. It is not a decontrol amendment, that is true, but it does require a uniformity of prices that never existed in the industry prior to price control. If

the Senate thinks that the Government ought to say that, notwithstanding the fact that there has never been any uniformity in pricing, there ought now to be, the Senate can do so.

Furthermore it should be stated that the growth of a tree in the South out of which pulp is made is more rapid than the growth of such a tree in the North. That contributes to the increase in the output per acre, or any other unit of production. That is an element which has probably justified some differential in the past in regard to the prices of pulpwood.

Mr. President, I submit these facts to the Senate. The Senate can take such action as it sees fit to take.

Mr. TAFT. Mr. President, I do not understand how we can begin to price goods by amendments. It seems to me bad enough to consider commodities one by one on the question of decontrol; but if we begin to lay down prices in the case of every commodity I do not see where we can stop. I do not understand why we should interfere in the question of a particular price.

Mr. BARKLEY. I am very happy to have the Senator from Ohio admit his mistakes in that regard up to this time.

Mr. TAFT. If we consider commodities one by one we can go on forever. I have tried to induce the Senator to lay down some formulas with respect to pricing, but I cannot see how we can undertake to price each commodity.

Mr. RUSSELL. Mr. President, this amendment does not undertake to set a price. It merely relates to the price ceiling which may be imposed.

I do not agree with the statement which was read by the Senator from Kentucky. I know that it was prepared in the Office of Price Administration. That is the argument which has been used against the efforts which have been made to secure parity and justice for the producers of pulpwood in the Southeastern States. But certainly, Mr. President, the fact that our people were so unfortunate that they could be exploited with each for years before the Price Administration came into being is no reason for the Senate now to condone that exploitation by operation of law.

This amendment would not require anyone to pay an equal price for any commodity. It merely provides that the price ceiling must be the same throughout the United States on the same type of wood. It provides that the prices of wood in one section of the country shall not be held below the level of prices in other sections of the country because of a historical base which has kept producers in the Southeast in a state of poverty and exploitation for the past 80 years. This amendment would not compel anyone to pay a higher price for the woods. It merely provides that the price level for southern pulp may not be held at \$3.50 a cord below the price in other sections. It does not require the great paper mills to pay any more for the wood. They will not do it. They have a pretty close combination. I have no assurance that this amendment would result in an increase in the price of wood. I hope it may. The gigantic mills are few in number and have always managed to pay

about the same amount for paper pulp throughout the Southeastern States. In order to obtain the wood they may not have to pay the new ceiling. But certainly it is unjust to say that those prices should be held down by regulation to their historical base, merely because the producers were not receiving full value in the years gone by.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. AUSTIN. Can the Senator tell me whether the Southeast has been producing pulpwood for many years?

Mr. RUSSELL. No; it has not. The first mill was established in my State not many years ago. Our people had no knowledge of the value of wood. They had been selling it as cordwood to burn, at a very low cost or as lumber. When the mills moved in, small farmers sold the wood at practically what they were offered.

Mr. AUSTIN. Is it true that the Southeast found a new use for an old product which was never expected to produce pulpwood?

Mr. RUSSELL. That is very true. That was the result of experiments by a Georgia chemist, Dr. Charles A. Hurty, one of the country's greatest scientists. He believed that paper could be made from southern pine. People scoffed at him, but he demonstrated it beyond peradventure. I wish to pay tribute to the Chemical Foundation, an eastern philanthropic organization. I know of my own knowledge that it put up part of the money to enable Dr. Hurty to conduct his experiments. As Governor of Georgia, I also secured an appropriation from the Legislature for that purpose.

Mr. AUSTIN. There are practically endless possibilities in the Southeast with respect to this particular wood, are there not?

Mr. RUSSELL. If the forests are properly protected, tremendous quantities of it can be grown.

Mr. AUSTIN. Is it the purpose of the amendment of the Senator to place a level, horizontal price on all kinds of woods which are suitable for paper pulp?

Mr. RUSSELL. Oh, no. The amendment says "trees of the same genus."

Mr. AUSTIN. How would the Senator define that term? For example, would he call trees of the Southeast which have recently been applied to this use trees of the same genus as those which have been used for pulpwood in the Northwest for many years?

Mr. RUSSELL. I must confess that I am not enough of a forest expert to answer the question.

Mr. AUSTIN. That is one of the problems.

Mr. RUSSELL. I am not enough of a forest expert to know just what trees belong to each genus. I have never had an opportunity to study forestry in detail, and I could not answer the Senator's question.

Mr. AUSTIN. That is one of the questions which is in my mind in respect to the Senator's amendment.

Mr. RUSSELL. Of course, the Senator realizes that this amendment would not arbitrarily increase the price of pulpwood. If our pulpwood is not worth

as much as wood in other sections of the country, of course the mills will not pay as much for it. But undoubtedly it is worth more than the producers have been receiving for it in the past. I do not believe that anyone can justify the differential which has existed.

A great deal of the wood in the northeast goes into the manufacture of kraft paper, which is the principal product of our mills. Kraft paper made from expensive wood does not make any better containers or sell for any more than kraft paper made from cheaper wood. In the State which the distinguished Senator has represented so ably in this body for many years there are some trees from which an unusually fine quality of paper can be made. I have heard paper experts say, for example, that Hammermill bond paper is worth more than \$150 a ton when it is finished, as compared with much less for the average kraft paper.

Mr. AUSTIN. Is there anything in the Senator's amendment which would have the effect of placing a floor under prices and holding the price of an inferior commodity up to the same level as that of a superior commodity?

Mr. RUSSELL. There is nothing whatever in the nature of a floor in this amendment. It merely relates to ceilings which are imposed by the Office of Price Administration.

Mr. LANGER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Gurney	Myers
Austin	Hart	O'Daniel
Ball	Hawkes	O'Mahoney
Barkley	Hayden	Overton
Brewster	Hill	Pepper
Bridges	Hoey	Radcliffe
Briggs	Huffman	Reed
Brooks	Johnson, Colo.	Revercomb
Buck	Johnston, S. C.	Robertson
Burch	Kilgore	Russell
Bushfield	Knowland	Smith
Capehart	La Follette	Stanfill
Capper	Langer	Stewart
Carville	Lucas	Swift
Chavez	McCarran	Taft
Cordon	McClellan	Taylor
Donnell	McKellar	Thomas, Utah
Downey	McMahon	Tobey
Eastland	Magnuson	Tunnell
Ferguson	Mead	Wagner
Fulbright	Millikin	Walsh
George	Mitchell	Wherry
Gerry	Moore	White
Gossett	Morse	Wiley
Green	Murdoch	Wilson
Guffey	Murray	Young

The PRESIDING OFFICER. Seventy-eight Senators have answered to their names. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Georgia [Mr. RUSSELL].

Mr. LANGER. I ask for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Georgia.

The amendment was agreed to.

Mr. MURDOCK. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 20, in line 21, it is proposed to strike out the period and insert a colon and the following: "Provided, That the Commodity Credit Corporation or any other Government agency shall not absorb any increases in the price paid for Cuban sugar over 3.675 cents per pound, raw basis, f. o. b. Cuba, as being paid for such sugar, in Cuba, on June 30, 1946."

Mr. MURDOCK. Mr. President, the joint resolution contains certain language dealing with the Commodity Credit Corporation and its subsidizing of the importation of sugar from off-shore. There has been some difficulty between the domestic sugar industry and the Commodity Credit Corporation as to the limitation on the amount which may be used for this purpose. The Commodity Credit Corporation and the domestic industry have agreed upon this limitation. The amendment is sponsored by the Commodity Credit Corporation, and is sent here by it, after agreeing with the sugar industry in the United States. I have submitted the amendment to the Senator from Ohio [Mr. TAFT] and the Senator from Colorado [Mr. MILLIKIN], on the Republican side of the aisle. I have submitted it to the majority leader on this side of the aisle. It has nothing whatever to do with decontrol or control, but it does place a limit on the amount per pound which may be used by the Commodity Credit Corporation for this purpose.

I know of no objection to the amendment, and I ask that it be agreed to.

Mr. OVERTON. Let me inquire what the limit is?

Mr. MURDOCK. The limit is 3.675 cents per pound. I say to my friend the Senator from Louisiana that I understand that the cane-sugar producers and the beet-sugar producers and the Commodity Credit Corporation have all agreed on this amendment. It is a limit on the amount per pound which can be used by the Commodity Credit Corporation in connection with bringing in off-shore sugar.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. MURDOCK. I yield.

Mr. REVERCOMB. I wish to make sure that I correctly understand the Senator's amendment. Does it place a limit upon the price which the Commodity Credit Corporation may pay for Cuban sugar?

Mr. MURDOCK. That is correct. Under the language of the joint resolution as now written, there is no limit on the price per pound which the Commodity Credit Corporation may expend for the subsidizing of the off-shore sugar which is imported. We all know of the extreme necessity for the importation of such sugar. But it was thought by the domestic-sugar industry that some limitation should be placed upon the Commodity Credit Corporation. The domestic industry has agreed with the Commodity Credit Corporation. The Commodity Credit Corporation is agreeable, and this amendment is the result of their agreement.

Mr. REVERCOMB. Mr. President, with the Senator further yield?

Mr. MURDOCK. I yield.



Mr. REVERCOMB. Of course, the Senator is aware that the Secretary of Agriculture is now in Cuba, and perhaps he may be there on the subject of the purchase of sugar. We are told that we have a shortage of sugar. It is still being rationed. It is the only article of foodstuffs of which I know that is being rationed today. As I understand, one of the difficulties in obtaining sugar is the bidding against other countries on the purchase price. I say to the Senator that I wish to protect the sugar which is grown in this country just as much as the Senator does; but if we place a limit on the price of sugar per pound, I wonder whether we thereby tie the hands of the Commodity Credit Corporation in connection with the purchase of sugar for this country.

Mr. MURDOCK. I was assured by the officials of the Commodity Credit Corporation who were up here yesterday, and it was one of them who gave me the amendment to present, that it is amply sufficient to take care of the job, and they have no objection whatever to it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah [Mr. MURDOCK].

The amendment was agreed to.

#### UNITED STATES EMPLOYMENT SERVICE

Mr. MORSE. Mr. President, earlier in the day the Senator from Minnesota [Mr. BALL] presented a conference report involving the United States Employment Service. I have some very brief comments which I desire to make. I understand that the conference report was agreed to, but, nevertheless, I believe that the Record should contain certain observations concerning the Employment Service of the Federal Government.

The failure of the conference report to include provisions assuring operations of public employment offices, as provided for by this body in the Senate amendment to House bill 4437, comes as a bitter disappointment. It demonstrates again how unsatisfactory is the effort to introduce substantive legislation in an appropriation bill.

I recognize that substantial authority is vested in the Federal Government in the Wagner-Peyser Act of 1933, the basic legislation establishing a Nation-wide network of public employment offices. However, since the enactment of the Wagner-Peyser Act this country and the public Employment Service have experienced the sharpest extremes in economic conditions and activities. For almost a decade widespread unemployment prevailed throughout this country. This was followed by a period of critical shortages and wartime labor-market controls.

More recently the Federal Government has rightly accepted additional responsibilities with respect to the returning veteran. These responsibilities are set forth in the Servicemen's Readjustment Act of 1944. I wish specifically to call the attention of this body to title IV of that act, in which it is stated that the "Congress declares as its intent and purpose that there shall be an effective job-counseling and employment-placement service for veterans, and that to this end policies shall be promulgated and admin-

istered so as to provide for them the maximum of job opportunity in the field of gainful employment." The act provides that within the United States Employment Service there shall be a Veterans' Employment Service, and that the local employment offices shall carry out the provisions of the act and make effective the congressional intent.

Among the duties assigned to the United States Employment Service by this act are: (a) to register veterans in local employment offices for suitable types of employment and for placement of veterans in employment; (b) assist in securing and maintaining current information as to various types of available employment in public works and private industry or business; (c) promote the interest of employers in employing veterans; (d) maintain regular contact with employers and veterans organizations with a view to keeping employers advised of veterans available for employment and keeping veterans advised of opportunities for employment; and (e) assist in every possible way in improving working conditions and the advancement of employment of veterans.

It must be clear to all of us that the adoption of the conference report in no way sets aside these obligations. Obviously, the Federal Government, if it is to carry out its responsibilities, must take full account of the obligations it has assumed in both the Wagner-Peyser Act of 1933, and the Servicemen's Readjustment Act of 1944.

There is inherent in the provisions of the Wagner-Peyser Act adequate authority for the Federal Government to carry out its responsibilities with respect to the functioning and operation of the public employment offices. It is nevertheless administratively cumbersome to comprehend within the framework of existing legislation 13 years of experience covering the whole range of economic conditions, as is necessary to meet our obligations to American workers, of whom 15,000,000 are veterans. For this reason, I have been most desirous to amend the Wagner-Peyser Act through substantive legislation. I had hoped that the action of the Senate in amending House bill 4437 would receive favorable consideration by the other House.

Over the past several months I have given much attention to the underlying principles and objectives of a sound system of public employment exchanges in this country. I am satisfied the public employment exchanges are basic community institutions whose influence reaches far beyond what is apparent from superficial examination. It is to the public employment exchanges that our workers and employers, our schools and other community groups must look for guidance and assistance in maximizing employment and assuring employment continuity. In our present-day economy it is both uneconomical and undesirable that a worker should have to pound the pavement going from one employer to another in search of a job, or that an employer must rely upon only that segment of the labor supply which comes to his gates. The employment exchange, therefore, performs a necessary function,

since job security is fundamental to our way of life.

I want to emphasize to this body that the system of public employment offices which exists today is a far cry from the service that was established to facilitate the referral of unemployed workers to relief and public works projects during the great depression of the thirties. It is also far different from the service that was subordinated to the State unemployment compensation system when benefit payments began in many States in 1938. The public Employment Service we have today has come of age, matured by experience under widely varying economic conditions and tested in the crucible of wartime pressures.

Today there are 1,760 local employment offices from coast to coast, each of which is a central institution in the community. These offices are staffed by 26,000 public servants who are trained and experienced in employment service methods and practices to assure that the right worker and the right job are brought together promptly. Behind these offices and staff lies a rich experience which has seen the development of a well defined and comprehensive program of service to workers, employers, and the community. Not only has the Government, but private enterprise as well, benefited from such things as the analysis and definitions of over 30,000 occupations found in American industry; the development of effective tools for the selection and assignment of workers; and the availability of labor-market information setting forth employment and unemployment trends, job opportunities, hiring practices, and specifications.

I take great pride, both as a citizen of the United States and of Oregon, in the kind of Employment Service the Federal Government is about to transfer to State administration under Federal-State relations. There is no doubt that if it is properly administered by the States, and the State systems can be properly coordinated by the Federal Government into a Nation-wide network of public employment services, the public employment Service will be thoroughly competent to carry out the postwar policies and objectives of this country as they relate to employment security of our people.

It took a Pearl Harbor to awaken America to the recognition that a strong system of public employment offices, national in scope, is fundamental to the Nation's welfare, despite the fact that the concept of the Wagner-Peyser Act of 1933 was a system national in scope to be achieved through State operations of local offices and Federal-State cooperation in the over-all programs. Without the local offices coordinated into a Nation-wide network, our manpower resources necessary for war production could not have been mobilized. The United States alone, of all countries of the world, was able to achieve the miracles of production without having to resort to the drafting of its civilian labor force.

During the years of Federal operation of the Employment Service there has been developed a program of community

participation, of local management-labor cooperation unparalleled in this country. The amazing flexibility of the public employment office system to shift operations and procedures to wartime needs made this achievement possible. The employment offices had to rely upon moral suasion, backed up by knowledge of labor requirements and sources of labor supply, to channel workers from less essential to more essential war activities. Not only did the Employment Service fulfill its obligations with respect to providing the necessary manpower for war production, but it provided much of the information needed by production and procurement agencies to carry out their programs.

No instrument of Government is comparable to the Employment Service in the way its facilities and activities are rooted in local communities. The United States Employment Service has been successful in coordinating the activities of these community institutions, and in establishing basic procedures and operations so that we have truly a Nationwide network of public employment offices. During the years of Federal operation the Employment Service has acquired a vast knowledge of industrial processes, of occupational skills and requirements, of employment opportunities, and employer practices, which will stand it in good stead for years to come under State administration.

What has been accomplished under Federal operation represents a signal achievement. No fraction of this advancement of the Employment Service should be lost inadvertently or otherwise in the transfer of operations to the States. Five years ago the existence of a public employment office in the community was relatively unknown, except to persons who had been on relief or who had been receiving unemployment compensation benefits. Today, in sharp contrast, public employment offices have status, prestige, and public recognition in every community in which they are located. They have become the focal point for job placement service; for sound employment counseling of job seekers, especially veterans; for labor market information regarding employment trends and job opportunities. Employers, labor organizations, and community groups look to the employment offices for information and assistance with respect to community programs to facilitate employment of the citizens of the community.

The Employment Service, in reconverting itself from war to peacetime operations, has formulated its program to meet the needs of a peacetime free labor market. During the past 8 months this country has witnessed greater instability in labor-market conditions than has ever previously existed. In the face of the displacement of millions of war workers and the necessity for absorbing into civilian life millions of returning service men and women, this country has emerged with a higher level of employment than prevailed even during the war years. When we take into account the widespread uncertainties of price and wage relations, the frequent occurrence of labor disputes, the vast migration of workers from one section of the

country to another, I am sure that we all agree that the American people have once again displayed an amazing capacity to adjust to changing conditions. The activities of the public employment offices have contributed in no small measure to these achievements. The Employment Service can well be proud of the vital role it has played.

During the past 8 months the employment offices, each month, have been called upon for service and assistance by well over half of the returning servicemen. The Employment Service has seen the total number of service calls upon it rise from less than 5,000,000 per month to 14,000,000. Employment counseling of veterans has risen from 58,000 per month to approximately 130,000. At the same time, the employment offices have given yeoman service to the State unemployment compensation agencies in meeting emergency loads of millions of unemployment compensation claims.

The peacetime program of the United States Employment Service is a sound one, without regard to whether public employment offices are operated under Federal or Federal-State administration. This program consists of six coordinated functions which are the minimum requisites of a sound public employment service:

First. An effective placement service facilitates the employment and reemployment of returning servicemen and women, displaced former war workers, youths entering the labor market, disabled veterans and other handicapped workers, old workers, women, and all other persons seeking jobs.

Second. Workers are assisted through employment counseling to determine their present or potential occupational abilities and interests in the light of realistic information about job requirements and employment opportunities.

Third. Special services to veterans includes employment counseling and preferential service by the local offices, as well as priority of referral to any job for which they are qualified.

Fourth. Employers and labor organizations through personnel management services may receive assistance in the use of personnel tools and techniques which have been developed by the Employment Service for effective selection, assignment, and transfer of workers.

Fifth. Labor-market analysis and information of the Employment Service is widely used by workers for choosing among various employment opportunities or planning their vocational careers; by employers in locating plants or in scheduling production to best utilize available labor resources; and by training authorities and community groups and other agencies whose programs are affected by manpower considerations.

Sixth. In its cooperation with community organizations and Government agencies, the Employment Service participates in activities and programs for increasing economic activity and maintaining high levels of stabilized employment.

It must be clearly understood that the Employment Service that is now being transferred to State operation is not the Employment Service of prewar years,

nor should its program be subordinated to State unemployment-compensation programs as it was in former years. Surely we recognize that the first objective and responsibility to a worker seeking employment is to find him a job, and only the failure to obtain suitable employment can justify the payment of unemployment benefits. Any activity which detracts from the Employment Service carrying out its responsibility to assist job seekers in finding suitable employment seriously undermines the kind of employment exchange this country must have. I wish to state again that this method of handling a problem of this importance as a part of an appropriation bill can only be regarded as a temporary expediency. We are still confronted with the necessity of providing permanent substantive legislation which will guarantee that we shall have a public Employment Service which will continue to grow in strength and in the vital role it plays in our national economy.

I close, Mr. President, by making two additional points. I fear that time will prove that the Congress of the United States has not served the country well in the manner in which it has disposed of the Employment Service of the Federal Government. I think time will prove that it was most unfortunate that the conference report as finally adopted by the Congress did not include the guaranty-of-operation clause, because, as I said on another occasion in discussing this question, I do not think we can ever get away from the fact that, after all, the problem of employment and the problem of unemployment is not a Federal problem alone, not a State problem alone, but a combined Federal-State problem.

I think this is one of the social and economic problems which should be handled by the State and Federal Governments working in cooperation. I do not believe the conference report which was adopted by the Senate today is so framed and phrased as to allow for the maximum of cooperation which should exist in the operation of a Federal-State plan.

So, Mr. President, I hope that the Senate will continue to scrutinize very carefully employment and unemployment problems as they arise in the months ahead and if it should come to pass that any State fails to live up to its obligations to the veterans, and to the other workers, in seeing to it that they are supplied with an adequate employment service, then I submit that there is an obligation resting upon the Congress to see to it that necessary Federal steps are taken to place in the States Federal employment services which will guarantee to those citizens at least the right to an opportunity for a service which will help them find jobs, because although we may now go into a period of prosperity, with a high degree of employment, I think we all know that that time will run its course, and sooner or later large numbers of American workers will be confronted with the task of finding jobs in order to meet an unemployment situation which will develop the moment the period of boom has passed.



Hence, I venture to predict, that the action we took today does not resolve the problem permanently. The obligation still rests upon the Congress to continue to work cooperatively with State governments in seeing to it that there is worked out an adequate Federal-State cooperative employment service for all our citizens as one of the best guarantees and checks against the danger of a depression with its accompanying mass unemployment.

Mr. TUNNELL. Mr. President, I wish to say a few words with reference to the unemployment situation in the United States.

I have listened with great interest and appreciation to the remarks of our brilliant colleague from the State of Oregon. I wish to express my complete agreement and approval of everything he has said.

As chairman of the subcommittee of the Committee on Education and Labor, I have spent months in reviewing the activities and the functions of the public employment service, and have come to a definite conclusion as to the type of service we need in this country. It is my personal conviction that ultimately we must have a system of public employment exchanges which will be operated and administered by the Federal Government, so that workers and employers, without regard to the State in which they happen to be located, may be assured of adequate public employment services. Nevertheless, in face of widespread misunderstanding of the relationship of the Employment Service and the unemployment-compensation programs, I have found it necessary to sponsor amendments to H. R. 4437. It seemed to me that this bill as amended by the Senate might provide the most practical means of assuring the continuation of an adequate system of public-employment offices in the immediate future.

Much of this misunderstanding and confusion has arisen out of a constant reiteration of the statement that the activities of the employment offices are inextricably interwoven with the State unemployment compensation agencies. These assertions are wholly unfounded in fact. Because of this mistaken notion, it is not sufficient to provide merely for the continued service of trained and experienced personnel in the public employment offices. We must go further. We must assure that the quality of service and the effective methods and operating procedures, as well as the program of the public employment service, is not given a secondary role to the unemployment compensation program.

No one can review the history of the Employment Service without coming to the conclusion that relationship of the Employment Service to unemployment compensation in the past was determined by the accident of events and the lack of understanding and experience in operating either program.

It will be recalled that early in 1938 many States began the payment of unemployment-compensation benefits. This was a period of widespread unemployment and there was great need for expanding the number of local employment offices to register unemployed

workers. Because unemployed workers were required to register at public employment offices, the Social Security Board interpreted the provisions of the Social Security Act as enabling it to provide funds for establishing additional public employment offices. It is axiomatic that he who controls the purse determines the manner in which the funds shall be expended. Thus, it was not surprising that the public employment offices became an appendage to the State unemployment-compensation agencies and their identity as employment exchanges frequently lost. This experience resulted in a serious distortion of public policy.

The administration of vast unemployment-compensation funds overshadowed the obligation of the public employment service to facilitate the finding of suitable employment for millions of workers. The dollar payments must never take precedence over finding satisfactory employment for job seekers.

There is a very sharp distinction between the functions and activities with which a State unemployment compensation agency is concerned and those of a public-employment exchange. The unemployment compensation agency, by its very nature, is primarily concerned with the collection of pay-roll contributions, the maintenance of wage records, and the determination and the payment of benefits to unemployed workers out of accumulated funds. Most of these unemployment-compensation activities in no way involve a personal relationship to the unemployed worker or the employer. In contrast, the essential characteristic of the public employment exchange is that it is concerned with human relationships in dealing with workers, employers, and local community groups. It renders services impartially to everyone. In many respects it resembles public schools or other agencies whose funds are derived from general revenues and whose activities are service in character and involve no coercion or policing authority.

Of course, it was wise to provide that claimants for unemployment compensation benefits should register at public employment offices. This procedure assures that claimants for unemployment compensation benefits are actively seeking employment and that they will be promptly referred to job openings for which they are qualified. However, notification that a claimant has refused to accept referral to a job is an incidental service rendered by the employment office to the State unemployment compensation agency. This incidental service must not be allowed to warp the basic program and activities of the public employment services.

The Senator from Oregon [Mr. MORSE] has ably recounted the nature of the Employment Service program and activities. It should be apparent to everyone that this program is one of rendering services equitably to all workers and employers and community groups without reference to whether or not they are subject to State unemployment compensation laws. The determination as to whether a worker is qualified for benefits or shall be denied benefits belongs

exclusively to the State unemployment compensation agencies. The service to be rendered by public employment offices must not be limited by any consideration as to whether an employer has been delinquent in paying his contributions to an unemployment compensation fund or whether or not a worker is qualified for benefits or shall be denied benefits.

We must not be guided by our past mistakes and errors. Instead, we must assure that a sound public employment service system shall exist under State administration. This requires taking full advantage of the experience and knowledge which we have acquired since the enactment of the Wagner-Peyser Act, and adequately providing for carrying out the added responsibilities set forth in the Servicemen's Readjustment Act of 1944.

I agree with the Senator from Oregon that failure at this time to provide appropriate substantive legislation to take account of this experience will give rise to many administrative complications. When this legislation is written we must recognize that the Employment Service has specific responsibilities that are different from and broader in scope than those of the State unemployment compensation agencies.

#### EXTENSION OF PRICE CONTROL

The Senate resumed consideration of the joint resolution (H. J. Res. 371) extending the effective period of the Emergency Price Control Act of 1942, as amended, and the Stabilization Act of 1942, as amended.

Mr. RADCLIFFE. Mr. President, I offer an amendment, which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 25 in section 6 (b), line 17, after the word "industry", it is proposed to add the words, in parentheses, "(including any industry furnishing service or transportation the charges for which are now subject to the Administrator's control.)"

Mr. RADCLIFFE. Mr. President, paragraph (b) of section 6, page 25, requires that maximum prices shall include the average dollar price of such product during a base period, plus the average increase in cost of producing, manufacturing, and processing accruing during the base period. It seems to me a provision should be added covering costs of servicing and transportation, because such items are just as much a cost of production as the other elements or factors of manufacturing and processing referred to in the language which I seek to amend. My suggestion is in accordance with the theory of that language.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. RADCLIFFE. I yield.

Mr. BARKLEY. The Senator has submitted the amendment to me. It includes certain services in addition to the production of commodities. I am not certain in my own mind how well it fits in, but I am perfectly willing to take it to conference if the Senator desires to have that done. The Senator will prob-

ably be one of the conferees, and we can work it out.

Mr. RADCLIFFE. I thank the Senator from Kentucky. I believe my amendment is a reasonable method of rounding out the amendment which the Senator from Kentucky submitted in the Banking and Currency Committee and therefore really improves it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maryland [Mr. RADCLIFFE].

The amendment was agreed to.

Mr. WHITE. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MITCHELL in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Gossett	Murdock
Austin	Green	Murray
Ball	Guffey	Myers
Barkley	Gurney	O'Daniel
Brewster	Hart	O'Mahoney
Bridges	Hawkes	Overton
Briggs	Hayden	Pepper
Brooks	Hill	Revercomb
Buck	Hoey	Robertson
Burch	Huffman	Russell
Bushfield	Johnson, Colo.	Smith
Byrd	Johnston, S. C.	Stanfill
Capehart	Kilgore	Stewart
Capper	Knowland	Swift
Carville	La Follette	Taft
Chavez	McCarran	Taylor
Cordon	McClellan	Thomas, Ok'a.
Donnell	McKellar	Thomas, Utah
Downey	McMahon	Tunnell
Eastland	Magnuson	Wagner
Ferguson	Millikin	Wherry
Fulbright	Mitchell	White
George	Moore	Wilson
Gerry	Morse	Young

The PRESIDING OFFICER (Mr. CARVILLE in the chair). Seventy-two Senators have answered to their names. A quorum is present.

The joint resolution is open to further amendment.

Mr. ROBERTSON. Mr. President, I offer the amendment which I send to the desk and ask to have stated. Before the clerk reads the amendment, I ask unanimous consent to modify it.

The PRESIDING OFFICER. Unanimous consent is not necessary. The Senator has the right to modify his amendment.

Mr. ROBERTSON. I ask that the amendment as modified be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Wyoming will be stated.

The CHIEF CLERK. It is proposed to strike out all after the resolving clause and insert in lieu thereof the following:

That the provisions of the Emergency Price Control Act of 1942, as amended, and all regulations, orders, price schedules, and requirements thereunder, are hereby revived and reenacted with respect to the establishment and maintenance of maximum rents, and shall continue in effect until June 30, 1947, or until the date of a proclamation by the President, or the date specified in a concurrent resolution by the two Houses of the Congress, declaring that the further continuance of the authority granted herein is not necessary in the interest of the national defense and security, whichever date is the earlier; except that as to offenses committed, or rights or liabilities incurred, prior to such date, the provisions of such act, as extended, and such regulations, orders, price schedules, and requirements shall be treated as still

remaining in force for the purpose of sustaining any proper suit, action, or prosecution with respect to any such right, liability, or offense.

SEC. 2. (a) (1) The provisions of this joint resolution shall take effect as of June 30, 1946, and (2) all regulations, orders, price schedules, and requirements under the Emergency Price Control Act of 1942, as amended, with respect to the establishment and maintenance of maximum rents which were in effect on June 30, 1946, shall be in effect in the same manner and to the same extent as if this joint resolution had been enacted on June 30, 1946, and (3) any proceeding, petition, application, or protest which was pending under the Emergency Price Control Act of 1942, as amended, on June 30, 1946, with respect to the establishment and maintenance of maximum rents shall be proceeded with and shall be acted on in the same manner and to the same extent as if this joint resolution had been enacted on June 30, 1946.

(b) In any case in which such act or any regulation, order, or requirement thereunder prescribes any period of time within which any act is required or permitted to be done with respect to the establishment and maintenance of maximum rents, and such period had commenced but had not expired on June 30, 1946, such period of time is hereby extended for a number of days equal to the number of days from July 1, 1946, to the date of enactment of this joint resolution, both inclusive.

(c) No act or transaction with respect to the establishment and maintenance of maximum rents occurring subsequent to June 30, 1946, and prior to the date of enactment of this joint resolution shall be deemed to be a violation of such act or of any regulation, order, price schedule, or requirement thereunder.

SEC. 3. Whenever any State has heretofore or may hereafter establish provisions for the control and regulation of the rent of housing accommodations within its boundaries and the Governor notifies the Administrator that such regulation and control are in effect, no provision of the Emergency Price Control Act of 1942, as amended, and no regulations, orders, or requirements thereunder (except as to offenses committed prior thereto), relating to the establishment and maintenance of maximum rents under such act, as amended, shall be applicable within such State.

It is also proposed to amend the title so as to read: "Joint resolution extending the effective period of the Emergency Price Control Act of 1942, as amended, with respect to the establishment and maintenance of maximum rents until June 30, 1947."

Mr. WAGNER. Mr. President, will the Senator explain the amendment?

Mr. ROBERTSON. I am about to do so.

Mr. President, this amendment revives the OPA insofar as the control of rent is concerned. It eliminates everything else except rent control. The modification which I have added to the amendment is similar to the amendment submitted by the Senator from California [Mr. KNOWLAND] in conjunction with the Senator from Michigan [Mr. FERGUSON], which was adopted.

Mr. President, this amendment approaches the OPA from the point of view that today there is no price control in existence. It seeks to revive price control and to place a maximum control on rents. The amendment does not provide for decontrol, because I feel that one cannot decontrol something which is not in existence today. The purpose of keep-

ing rent control is to prevent hardships to veterans and others in finding homes. It is almost impossible for veterans and others to build new homes, on account of the restrictions which have been placed on all building materials by the OPA. Since the OPA terminated on June 30, the extravagant claims of great advances in prices which were put forward by Mr. Bowles and his associates have not matured. The claims of price advances which have been stated in the newspapers are not only misleading, but they are entirely untruthful. I wish to call the attention of the Senate to a statement which appeared in the Washington Star of yesterday, July 11, 1946. I am glad to see that this statement is not issued by the Associated Press or the United Press or the International News Service, because I have found that those services are uniformly fair and truthful, and they endeavor to release only news that is news, and is correct news.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. WHERRY. In keeping with what the distinguished Senator from Wyoming has just said, with which I am in total agreement, let me say that there are those who are taking advantage of every isolated case of skyrocketing prices. Many newspapers are coloring the news in an attempt to strike fear into the hearts of Members of Congress who are about to vote on these important issues.

However, in today's issue of the New York Times there is a full-page advertisement which should be the answer to some of these fear peddlers and calamity howlers who have been giving their views to the people of America. The advertisement states:

White shirts below OPA ceiling.

Look at this, Mr. President: These shirts are advertised at \$2.66 apiece. Under the OPA we could not even buy one shirt—or, if we could, we had to pay anywhere up to \$10, and what we got was a long-collared cowboy shirt. We could not get a broadcloth shirt anywhere.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. BREWSTER. The figure the Senator from Nebraska has given is not sufficiently high. I paid \$15 for a shirt in the city of New York a month ago, and I am unable to distinguish it from the ordinary \$2 shirt.

Mr. WHERRY. I thank the Senator from Maine for his contribution.

Mr. President, this advertisement also lists nylon hose. It says:

This is no flash in the pan. This is the opening gun in a Gimbel campaign to bring down the cost of living. This is the opening event in a series of sensational sales of scarce necessities.

So, Mr. President, that is what is happening in New York City. This advertisement is taken directly from today's issue of The New York Times. It advertises the shirts which we have not been able to buy for 6 months, unless we got them from a bootlegger or a black marketer. Now we can buy all we want for \$2.66, at Gimbel's department store, and they also advertise nylon stockings for sale.



Mr. TAYLOR. Mr. President, will the Senator yield?

Mr. WHERRY. The Senator from Wyoming yielded to me, did he not?

Mr. ROBERTSON. I did.

Mr. WHERRY. Mr. President, as I have said, Gimbels store is now advertising nylon stockings for sale. Under the OPA they could not be obtained except from a bootlegger. Under the OPA nylons were used to persuade people to sell other things. They were used by bootleggers.

Mr. President, I should like to have the advertisement by Gimbels Department Store printed in the RECORD as an exhibit.

There being no objection, the advertisement was ordered to be printed in the RECORD, as follows:

GIMBELS IS NOT CONTENT MERELY TO HOLD THE OPA LINE, GIMBELS SELLS THE SCARCEST THINGS AT LESS THAN OPA!

#### WHITE SHIRTS BELOW OPA CEILING

This is no flash in the pan. This is the opening gun in a Gimbels campaign to bring down the cost of living. This is the opening event in a series of sensational sales of scarce necessities. Things that you need desperately and have been unable to find will be brought to you in this series of bargains below OPA ceilings. Gimbels, thrift specialists for more than a century, feel an obligation to keep prices low—whether times are good or bad or middling. Plain old Gimbels has never been a high, wide, and handsome store—our mission in retailing is to lower prices on wanted merchandise. And, boy, are these shirts wanted! They're well styled of smooth Sanforized broadcloth. They have well-cut collars, good tailoring all the way. Don't write, don't phone. Be here early—we'll sell you at least four shirts. Fifth floor. \$2.66.

#### NYLON HOSE BELOW OPA CEILING

This nylon sale is no flash in the pan. Gimbels is not what is known in stage talk as a morning glory—an actor who gives one stunning performance and then fades away. Gimbels is selling nylons below OPA ceilings tomorrow. Gimbels will sell any scarce thing that we can lay our hands on below OPA ceilings again and again and again. This nylon event will start at 9:30 tomorrow. These nylons will be on sale all day. All are flawless, perfect, full fashioned. The \$1.09 ones have cotton tops and feet. The \$1.27 and \$1.43 stockings are nylon top to toe. Prices are \$1.09, \$1.27, \$1.43—every pair of stockings at every price is below OPA ceiling. Go in at the specially marked nylon door on Thirty-second Street and go to the second floor. Two pairs to a customer, \$1.09 to \$1.43.

Mr. TAYLOR. Mr. President, will the Senator yield to me?

Mr. ROBERTSON. For what purpose does the Senator request that I yield?

Mr. TAYLOR. I should like to ask a question.

Mr. ROBERTSON. I yield.

Mr. TAYLOR. I should like to ask the Senator from Wyoming, inasmuch as he has the floor—I should have liked to ask the question of the Senator from Nebraska, but inasmuch as the Senator from Wyoming has the floor, I ask him why in his opinion the shirts are being sold below the OPA ceilings? If they are being sold below the ceiling price, how could the ceilings have had anything to do with the scarcity?

Mr. WHERRY. Mr. President, may I answer for the Senator from Wyoming?

Mr. ROBERTSON. The Senator may answer for himself.

Mr. WHERRY. Mr. President, under the OPA there were black-marketeers and black markets. The OPA is what created the black markets, and there will be black markets under any OPA. If the Congress enacts a law providing for ceiling prices, the Congress will simply be playing into the hands of the black-market operators. If the Government sets the legal prices, the black-marketeers set the black-market prices, and that is all there is to it.

If we eliminate the OPA we get rid of the black-market racketeers and we get rid of these artificial prices and we get rid of all the substitutions.

Mr. President, consider the case of the little girl's dress which was advertised for sale by a department store. Before the war that dress sold for \$5.95, but under Bowles the price was \$76. Yet, we hear talk about inflation. The OPA is the cause of inflation. Inflation took place earlier than 9 days ago when the OPA came to an end. Inflation has been caused by substitution, hidden prices, and black-market racketeers. When we eliminate permanently the black-market racketeers and the OPA, the prices will decline.

Mr. ROBERTSON. I thank the Senator.

Mr. President, there is no basis for making a comparison between the prices of an article which can be bought today in the white market and the price of an article which could not be purchased 2 weeks ago, 2 months ago, or 2 years ago.

The article which is carried today in the Washington Star is headed:

Sunday dinner costs show jump of 4 to 28 percent since OPA ended.

The headline continues:

Typical menu and two stores selected in test for Washington shoppers.

The article continues as follows:

Washingtonians today shopped for Sunday dinners ranging from 14 cents to \$1.63 more expensive than the same meals under OPA a month ago, or from 4 to 28 percent.

Mr. President, I shall show that that statement is a deliberate misrepresentation of facts.

A typical menu was selected to compute the difference and a typical chain store and typical class 1 independent store were asked to give out the amounts they thought would be required and prices. Food for the meal priced at the chain store called for smaller portions than that priced at the independent, therefore no real price comparison exists between the two types of stores, although the comparisons between two different economic levels is considered accurate.

It may be considered to be accurate so far as this particular newspaper is concerned.

Here is the menu. It was worked out for a family of five:

Canned jellied consommé, fried chicken, corn on the cob, snap beans, lettuce and tomato salad, bread, butter, preserves, tea, and cantaloup.

Here's how the chain store worked it out: Consommé, 10½ ounces, 14 cents, both before and after OPA; one 2½-pound chicken, \$1.18 before and \$1.40 now; six ears of corn, 78 cents then and now; one cello-box of

tomatoes, 25 cents then, 23 cents now; a 1-pound head of iceberg lettuce, 14 cents then and now; one loaf of bread, 9 cents then and now; one-quarter pound butter, 17 cents then, 20 cents now; one 8-ounce jar of preserves, 14 cents then and now; five tea bags, 5 cents then and now; two cantaloups, 50 cents then, 40 cents now. Total then \$3.69, now \$3.83; difference, 14 cents, or 4 percent.

The article continues to set forth the figures of the independent stores, but I shall not take the time of the Senate to read them. Later I shall ask to have the article in its entirety printed in the RECORD. For the present I wish to refer to the totals.

The total cost of this dinner, with somewhat larger portions, from the independent stores, was \$5.60 then, \$6.29 now, or a difference of 69 cents, or 12 percent.

Mr. President, I suggest that a dinner of that type for five persons could be purchased at many restaurants in Washington at from 75 cents to \$1 a person, and it would be cheaper for the typical family to go to a typical restaurant and buy that typical dinner, and save the housekeeper from cooking and from washing the dishes, than to buy the food and prepare it at home.

We still must learn how to arrive at the 28 percent to which the article refers. This is how it is done:

But if someone didn't like fried chicken and decided to try for a standing rib roast of beef instead, the price at the independent, if they were selling any, which they weren't, would have been—one six-rib standing roast, \$2.34 then, \$3.90 now. This would raise the cost of the food necessary to prepare the meal, as figured by the independent, to \$5.86 then and \$7.49 now, a difference of \$1.63, or 28 percent.

The chain store simply wouldn't theorize on the roast-beef dinner, saying it "would not bat at flies."

So, Mr. President, the dinner-cost increase headlined at 4 percent, or 28 percent since OPA ended, is merely for the purpose of deluding the people who read it into believing that the prices of these food commodities have risen 28 percent, when, according to the prices of the articles themselves, the increase was not more than 12 percent.

I ask unanimous consent to have printed in the RECORD at this point the article in its entirety.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### SUNDAY-DINNER COSTS SHOW JUMP OF 4 TO 28 PERCENT SINCE OPA ENDED—TYPICAL MENU AND TWO STORES SELECTED IN TEST FOR WASHINGTON SHOPPERS

Washingtonians today shopped for Sunday dinners ranging from 14 cents to \$1.63 more expensive than the same meals under OPA a month ago, or from 4 to 28 percent.

A typical menu was selected to compute the difference and a typical chain store and typical class 1 independent store were asked to give out the amounts they thought would be required and prices. Food for the meal priced at the chain store called for smaller portions than that priced at the independent, therefore no real price comparison exists between the two types of store, although the comparison between two different economic levels is considered accurate.

Here is the menu. It was worked out for a family of five:

Canned jellied consomme, fried chicken, corn on cob, snap beans, lettuce and tomato salad, bread, butter, preserve, tea, and cantaloupe.

Here's how the chain store worked it out:

Consomme, 10½ ounces, 14 cents, both before and after OPA; one 2½-pound chicken, \$1.18 before and \$1.40 now; six ears of corn, 78 cents then and now; one "cello-box" of tomatoes, 25 cents then, 23 cents now; a 1-pound head of iceberg lettuce, 14 cents then and now; one loaf of bread, 9 cents then and now; ¼ pound butter, 17 cents then, 20 cents now; one 8-ounce jar of preserves, 14 cents then and now; five tea bags, 5 cents then and now; two cantaloupes, 50 cents then, 40 cents now. Total then, \$3.69; now, \$3.83; difference, 14 cents, or 4 percent.

Here's how the independent figured it:

Two cans consomme, 27 cents then and now; two 2-pound chickens, \$2.08 then, \$2.70 now; 10 ears of corn, 84 cents then and now; 2 pounds snap beans, 34 cents then and now; five tomatoes, 35 cents then and now; two heads of lettuce, 35 cents then and now; one loaf of bread, 9 cents then, 10 cents now; ¼ pound butter, 17 cents then, 23 cents now; a 1-pound jar of preserves, 33 cents then and now; five tea bags, 5 cents then and now; three cantaloupes, 85 cents then and now. Total then, \$5.60; now, \$6.29; difference, 69 cents, or 12 percent.

But if someone didn't like fried chicken and decided to try for a standing rib roast of beef instead, the price at the independent, if they were selling any, which they weren't, would have been—one six-rib standing roast, \$2.34 then, \$3.90 now. This would raise the cost of the food necessary to prepare the meal, as figured by the independent, to \$5.86 then and \$7.49 now, a difference of \$1.63, or 28 percent.

The chain store simply wouldn't theorize on the roast-beef dinner, saying it "would not bat at flies."

Mr. ROBERTSON. Mr. President, whenever controls are taken off, as they were following June 30 of this year, there will be a bulge in prices. There is bound to be a bulge. If the controls were still in effect and were to be taken off 6 months from now, there would be a bulge in prices. There would be a bulge in prices if controls were to be taken off a year hence or 2 years hence. I believe that the best time to take off controls, a time which would result in the least effect on the consumer, is now.

So, Mr. President, the amendment seeks to eliminate all controls except those over rents. I ask for its consideration.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wyoming.

Mr. ROBERTSON. Mr. President, on this question I ask for the yeas and nays. The yeas and nays were ordered.

Mr. STANFILL. Mr. President, I am very sorry I can not agree with my distinguished colleague with respect to his amendment, and I shall have to vote against it. I wish to assign some of the reasons why I shall have to vote against it. In the first place, I am fearful that the Senate and the conference committee may go too far in limiting the authority of OPA. I do not and cannot hold any brief for that agency. It has shown itself so inefficient and so full of maladministration that no sensible American citizen can defend it. It has spent the money of the taxpayers for its own propaganda purposes, and has encouraged the people to believe that all

who do not favor the exact policies of that agency are non-patriots, and it has resorted to calling them all sorts of names. Proof of this is contained in the exhibits shown by the distinguished Senator from Ohio [Mr. TAFT] in his speech on July 9.

It is probably the most vicious bureau of the Federal Government because it seeks by its propaganda paid for by taxpayers' money, to undermine the faith and confidence of the American people in their elected representatives, the Congress of the United States. Its policies of enforcement and price-fixing have brought it into the contempt of the people. Its control actually encourages black-marketing and dishonesty and has presently become the greatest pressure group of all pressure groups. There is no need to cite instances as proof of these charges, because the CONGRESSIONAL RECORD for weeks and months past is full of proof of such conduct.

I am not a candidate for office and I may never be a candidate for office. What I am saying is not colored by any desire for votes. I am honestly, sincerely, and truthfully trying to find and help work out an answer to this great problem confronting our Nation today.

The cure for inflation, which we all fear, is more civilian production, and equitable distribution of the products so produced. Thus the immutable law of supply and demand will eventually determine whether we do or do not have inflation. The only excuse or reason for price control in a free country where economic free enterprise has always heretofore prevailed, was in behalf of the war effort.

The war is over. The Government bureaus set up during the war do not know that. The people seem to be the only ones who do know it. The OPA was never intended for a peacetime economy in this country of ours. It was strictly a wartime measure. It has no place in the lives of the American people except as an emergency wartime expedient.

This, as well as many other Government bureaus, acts as if the regimentation of the American people, permitted under wartime conditions by a long-suffering nation, is now a part of the warp and woof of American life.

So far as I have observed, no bureau or administration or creature of the Government has ever willingly and voluntarily surrendered its powers, given to it under war conditions, once peace has come.

Let me give just one illustration, which recently came to my attention. The budget request of the United States Government for the fiscal year ending June 30, 1947, was transmitted to the Congress by the President of the United States on May 2, 1946. A Federal agency known as the Federal Surplus Commodities Corporation had been theretofore created by an act of Congress. On June 30, 1945, more than 99 percent of the assets of that Corporation were in cash, and the only other assets of the Corporation were charges due to it from other Government agencies, with one single exception. In the financial statement, under exhibit C, submitted by that agency, it is shown that there was due

from other people than the Government or other Government agencies the sum of \$200. During the year 1946 there was collected of this amount due from others the sum of \$64, at an apparent cost of \$92,222, all of which was transferred to it by another Government corporation, leaving a balance due this agency the sum of \$136. This was all of the assets of this agency, with the exception of another item carried in its financial statement as due from Government agencies, amounting to \$131. Yet, this agency requested an appropriation for the fiscal year ending June 30, 1947, of \$40,000 to collect the sum of \$136. This \$40,000 was to be used for personal services, traveling expenses, communication services, supplies, and materials; and, if there is any person on the floor of the Senate who doubts these figures, I refer to pages 307 to 311, inclusive, of the volume Corporation Supplement to the Budget of the United States Government for the Fiscal Year Ending June 30, 1947.

Of course, Congress did not grant this appropriation, and denied this bureau of the Government any appropriation; but the point I make is that, once in power, once established by either an executive fiat or congressional action the agency will hang on and on and continue to operate and ask the Congress for appropriations of \$40,000 for the purpose only of collecting the sum of \$136.

No one knows how long it will take the OPA to wind up its affairs or how much money it will cost the American public. We know that it costs, in addition to all of the administrative expenses of this agency, which has more than 34,000 paid employees, more than \$2,000,000,000 a year in subsidies, the purpose of which is to fool the American people into believing that OPA is keeping prices down.

Just one illustration of this is the meat subsidy. The Government taxes all of the people of the United States, and takes the proceeds from these taxes and pays to the meat packers and producers a sum equal to approximately 5 cents a pound, thereby admitting that the OPA price should be raised 5 cents a pound. They do not allow the producers of meat to pass this 5 cents a pound on to the consumer, but they hide the fact that it actually costs the producer more than the price the meat is allowed to be sold for, and dig down into the pockets of the taxpayers to make up the difference.

Subsidies are inherently wrong, and should never be used except in the exigencies of war conditions; yet OPA subsidizes producers of commodities to an amount which is actually staggering, and then reports to the people that it is holding down prices. The increase in meat prices since OPA expired on June 30 equals practically only the addition of the amount of the subsidies, so that, as a matter of fact, the prices have not gone up at all. But more than money—whether prices or taxes—is involved. There is the broader question of the type of economy which relies on subsidies. Only one kind of a government has ever attempted to inject subsidies into the day-to-day purchases of an



average family, and that is the government in which the officials wish to take over the management of every item, part and parcel of the life of its citizens. Price controls and similar interference with production and markets are an important link in the drive for national socialization of the Government of the United States.

However, I do not believe it wise at this particular time to prematurely and entirely abandon price control. If we could have had sound administration of that agency, an administration which would have given some reasonable interpretation to the wishes of the Congress as expressed in the laws it has heretofore passed, price control could have been abandoned already. Our production could have been encouraged until it at least approached the demand. But OPA has consistently refused to carry out such a policy; it has expressly refused to follow the rules and policy of the Congress.

I believe it has refused to do this because it wanted to perpetuate its own existence in the life of this Nation. The evils of indefinitely continuing price control, however, would be even greater than the evils of eliminating it too soon. Our economy runs on prices. Prices determine who produces what and how much he earns for producing it. The authority to control prices cannot be centrally administered for a long period or for a sustained period without inefficiency, inequity, black markets, a breaking down of respect for law and regulations, and probably more important still, a serious danger to our personal and political freedoms.

I have voted for some of the amendments to the present price control law. I have voted to decontrol meat, poultry, and milk. There are other items which probably should be decontrolled. I have voted for these amendments under the belief that production either equalled or so nearly equalled the demand that such control should be eliminated, knowing full well from its past history that OPA would never decontrol any item until it was forced to do so.

Of course the sudden ending of price controls was calculated to have some bad effects. So far, the reaction of producers, manufacturers, and merchants has been praiseworthy. They are promising every effort to keep prices within reason, not alone because they fear the effects of inflation, but because they want even less the return of OPA rules and regulations. What we all hoped for was the gradual elimination of price controls. It should have been possible to do this. The bill passed by the Congress undertook to do this. But the President would not listen to his advisers in Congress; instead, he took the advice of Chester Bowles. Bowles demanded a complete continuation of all rules and regulations with authority to himself to make and promulgate more and more of them. All this, in spite of the fact that we are having inflation and growing black markets under complete OPA control.

If Bowles and his group had been willing to accept some restricting of their authority, and tried to work out a com-

promise plan with Congressmen, we would probably still have OPA, but in a modified form. But Bowles was so bull-headed he fought every suggested change. For 12 years the Washington bureaucrats have been telling Congress what it must do. They have come to expect the elected representative of the people to pay no attention to the folks back home, but to come across with whatever the bureaucrats want. They are sure they know what is good for the people, and do not want anyone else making suggestions.

Probably the bill passed by Congress and vetoed by the President had many serious faults. But many of them could have been avoided if Bowles had been willing to compromise and give up some of his authority. He could have shown Congressmen the most-needed features to be retained, and they would have been willing to give up some of their ideas, if they had found a corresponding disposition in Bowles. But his arbitrary stand only aggravated the situation and strengthened the opposition to OPA.

Radicals and left-wingers will try to blame everything that happens on Congress because Congressmen have not been too friendly to many of their socialistic ideas. The simple fact is that Bowles and the President are to blame for the OPA debacle.

But, as I said in the beginning, I fear inflation. Inflation can do more harm to the American people than a temporary continuance of a restricted price-control law. Price control, properly administered, intelligently administered, and equitably administered, can hold a runaway inflation in check, but it cannot cure the disease. The only cure for the disease is more and more production. The emergency which we are facing at this moment is such that we must judge for ourselves whether it is better to remove all price controls at one fell swoop by refusing to enact any price-control bill, or whether it is wiser and better for the people as a whole to check, if we can, this danger of a runaway inflation by a temporary price-control law. We have come through a travail of nearly 2 weeks without price control. It is like unto the flood gates in a dam: the moment the flood gates are opened the water pours through in a flood, but it will in due time seek its own level. The old immutable law of supply and demand will see that prices do seek their own level, provided we can have the production which will guarantee the supply.

The administration has committed a classic blunder. Instead of moving against rising prices and rising costs, it has moved side-wise and has increased prices and increased costs. Mr. Henry Wallace released a memorandum purporting to prove that wages can be substantially advanced without price increases. Labor took this as a minister takes a text from the Bible, and in oil, in automobiles, in steel and in coal, they struck for and obtained higher wages and made higher costs of every commodity produced from any of the basic materials.

So we are now confronted with the proposition of meeting this classic blunder of the administration. We all

know we cannot increase wages without increasing the price of the product the labor goes to make, and the OPA itself has actually recognized this, while, with its tongue in its cheek, it claims it is holding down all prices by recently permitting increases on more than 500 items, and by paying \$2,000,000,000 of the taxpayers' money in subsidies in order to create the false impression that it is holding prices.

The cry has gone out over the length and breadth of the land, "Don't cripple OPA," as if OPA were some holy institution which would be sacrilegious for Congress to touch. The OPA propaganda has in fact tried to make it a holy of holies in the minds of the people. I do not believe it has any such holy or divine existence; it is a creature of Congress; as such Congress should direct and control its policies. I voted for an amendment which I honestly believed would provide a formula which OPA should follow. That amendment was defeated by a tie vote. I sincerely trust that the law as reported by the committee will be so construed as to provide such a formula and that OPA will honestly and earnestly undertake to carry out the policy of Congress; if it does we may be able to live under the law. If it does not no one can predict the temper of the American people or what may happen as a result of its failure. Frankly, I am not too hopeful that OPA will ever pay any attention to the policies laid down by Congress.

But nevertheless I shall support the bill as a temporary measure, believing that it will be in some measure a check what might otherwise be a run-away inflation and earnestly hoping its policies will henceforth be an aid to and encouragement of production.

I cannot bring myself, Mr. President, to vote for the amendment which has been proposed by the distinguished Senator from Wyoming, which I understand will do away with all OPA controls except rent control. I have voted, as I said, for a number of amendments under the opinion at least that the supply is equal to or is approaching the demand. I voted for the amendment which I thought provided a good formula for decontrol. That amendment was rejected by the Senate, and I shall abide by the results of the Senate's vote on that amendment. I shall support the amendments I have already voted for, but I do not think we should further amend the measure. We should give it a trial on a temporary basis, and try to see if OPA will not in some manner change its policies and work out a price-control measure which will keep away the fear of inflation. I do not know whether we are going to have inflation or not; but the fear of inflation has been placed in the minds of the people by OPA propaganda. We must guard against the fear of inflation.

So far as I am concerned, Mr. President, I shall vote against other amendments unless it can be shown to my satisfaction that they will be of aid in the formulation of a price control law. I shall vote for the measure, and I shall vote against the amendment of the Senator from Wyoming.

Mr. McMAHON. Mr. President, I wish to say that I was listening to the radio while I was eating my dinner a short time ago. I heard an announcement on the radio that the commodity index is up 4.9 for the day.

Mr. BARKLEY. Mr. President, I shall occupy the time of the Senate for only a moment. I appreciate what my colleague has said with reference to his attitude toward this measure. I do not agree with him that fear of inflation has been engendered solely by propaganda on the part of the OPA. People were talking about inflation in this country before there ever was an OPA, before any OPA law was ever passed, or ever thought of. Those of us who are old enough to remember what took place after the last war do not have to have any propaganda on the part of any Government agency to remember something about inflation and to know something about inflation. Even aside from the history of our own country, we know what has happened in other countries as the result of inflation.

It may be that it has been overplayed in some places. It is not hard for us who are in the midst of a situation where we have a responsibility to become probably a little oversensitive. It is not hard for us even to exaggerate the dangers of a situation which we have studied. But the American people did not need the OPA to teach them anything about the evils of inflation, and I do not think it is quite fair to assume or to assert that the fear of inflation, which is a daily fear among the average wage earners of the United States, the average salaried man or woman of the United States, is an exaggerated fear. It is not something that has been stimulated by propaganda. It is a reality so far as they are concerned, and they have already been the victims of it to the extent to which there has been any inflation or increase in the cost of living out of proportion to their increase in compensation and income.

But I did not rise to discuss that question. I merely wanted to allude to it in view of the fact that my colleague seems to have charged the OPA with responsibility for all the fears that exist in this country on the subject of inflation.

Mr. TAFT. Mr. President, will the Senator yield for a question?

Mr. BARKLEY. Yes.

Mr. TAFT. I wish to ask the Senator a question about his interpretation of a provision of the bill, in section 3, 1 (C) (3), which deals with the decontrol of commodities. The question I wish to ask the majority leader is whether, in his opinion, that section applies to commodities which have been substantially decontrolled by the amendments adopted by the Senate. The provision is as follows:

(3) Whenever the Secretary of Agriculture determines that an agricultural commodity with respect to which maximum prices have been removed is in short supply and that the reestablishment of maximum prices with respect thereto is necessary to effectuate the purposes of this act, the Secretary, with the written consent of the Price Decontrol Board, may recommend to the Administrator, and the Administrator shall establish, such maximum prices with respect to such commodity, consistent with applicable provisions of law,

as in the judgment of the Secretary are necessary to effectuate the purposes of this act.

The question I want to ask the Senator is whether he thinks that applies not only to the commodities which have been decontrolled by the Secretary, but also those which have been specifically decontrolled.

Mr. BARKLEY. That question arose, as the Senator from Ohio no doubt recalls in the committee while the Decontrol Board provision was under consideration, and also while the provision of the bill putting the authority and responsibility on the Secretary of Agriculture to recommend decontrol was being considered. My recollection is that it was the consensus of opinion of the members of the committee that that provision of the law would authorize the reconrol of articles taken out from under control, whether by the Administrator or by the Congress itself. The language taken by itself has no reference to the method by which decontrol has come about. It might logically be contended that it refers only to the previous provisions of the bill which authorize the Secretary of Agriculture to recommend decontrols and make it mandatory upon the Administrator to do that.

If there were no specific decontrols carried in the bill itself, of course, that would be all it would refer to. But the general term of that provision of the measure might be interpreted—though I would not want to say categorically that a court would so hold—that it applied to the articles decontrolled, whether by recommendation of the Secretary and finally by order of the Administrator, or whether they are decontrolled by the act itself.

Mr. TAFT. It occurs to me it is a point of great importance, and one that should be clearly settled.

Mr. BARKLEY. It is a matter of great importance, because if there is any theory upon which we would assume that an article decontrolled by the Secretary of Agriculture could be reconrolled under conditions which might subsequently exist, the same reason for a reconrol with the written consent of the Decontrol Board, without which it cannot be done, ought to apply to any decontrolled article, regardless of the process by which it was decontrolled. My recollection is that the committee felt that this language would apply to the reconrol of any article, even though it were decontrolled by Congress.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. AIKEN. Then the purpose of this section of the measure is this: If after certain agricultural commodities are decontrolled the price rises temporarily, and then settles back to a level perhaps a little higher than it was before the decontrol, under such conditions the Secretary of Agriculture would not have any power to restore controls over those commodities. However, if the price rises after decontrol and does not stop, but keeps right on rising and appears to be going to a dangerous height, then the Secretary would have the power to recommend that controls be replaced on

such agricultural commodities, and the Administrator would be required to do that.

Mr. BARKLEY. That is correct. But the Secretary of Agriculture would have to have the written consent of the Decontrol Board in any event.

Mr. AIKEN. Oh, yes.

Mr. BARKLEY. And, of course, the theory is that if an article is decontrolled, and after that it becomes in short supply, or through any exigency that may arise thereafter prices should go up and continue to go up until the economy would be unbalanced and the public would suffer by reason thereof, the Secretary should have the authority to bring about the reimposition of ceilings in order that that situation might be corrected for even a temporary period, or so long as it might be necessary. After the controls had been reimposed the same rule would apply to further decontrol as applied to the decontrol which took place in the first instance.

Mr. AIKEN. I think this is a very wise provision, but it does place on the Secretary the burden to determine, when prices go up after decontrol, whether it is a temporary flurry, or whether they are going up to permanent and dangerous heights.

Mr. BARKLEY. That is correct.

I wish to say one word about the pending amendment. After all the work that has been done, whether good, bad, or indifferent, to try to write a measure, it seems to me that the Senate will not take the position of giving up the ghost and saying that it is incapable of legislation on the subject; that nothing can be worked out between the two Houses, and that we might as well resign ourselves and announce our failure by saying that all we can do is to strike out what we have done and leave in nothing but rent control. I do not believe the Senate will do that, and I do not believe the country would approve of such procedure. I think it would be an astonishing admission of legislative failure for the Senate or the House, or both Houses together, at this stage to adopt such an amendment as this. I hope it will not be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wyoming [Mr. ROBERTSON]. On this question the yeas and nays have been ordered.

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Fulbright	Lucas
Austin	Gerry	McCarran
Ball	Gossett	McClellan
Barkley	Green	McKellar
Brewster	Guffey	McMahon
Bridges	Gurney	Magnuson
Briggs	Hart	Mead
Brooks	Hawkes	Millikin
Burch	Hayden	Mitchell
Capehart	Hill	Moore
Capper	Hoey	Morse
Carville	Huffman	Murdock
Chavez	Johnson, Colo.	Murray
Cordon	Johnston, S. C.	Myers
Donnell	Kilgore	O'Daniel
Downey	Knowland	Overton
Eastland	La Follette	Pepper
Ferguson	Langer	Radcliffe



Reed	Swift	Wherry
Revercomb	Taft	White
Robertson	Thomas, Utah	Wiley
Russell	Tobey	Wilson
Smith	Tunnell	Young
Stanfill	Wagner	
Stewart	Walsh	

The PRESIDING OFFICER. Seventy-three Senators have answered to their names. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Wyoming [Mr. ROBERTSON]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HILL. I announce that the Senator from Florida [Mr. ANDREWS] and the Senator from North Carolina [Mr. BAILEY] are absent because of illness.

The Senator from South Carolina [Mr. MAYBANK] and the Senator from Montana [Mr. WHEELER] are absent by leave of the Senate.

The Senator from Mississippi [Mr. BILBO] and the Senator from Arizona [Mr. McFARLAND] are detained on public business.

The Senator from Virginia [Mr. BYRD] is detained on official business.

The Senator from Georgia [Mr. GEORGE] is detained on official business at an important meeting of the Joint Committee to Investigate the Pearl Harbor Attack.

The Senator from Idaho [Mr. TAYLOR] and the Senator from Oklahoma [Mr. THOMAS] are necessarily absent.

The Senator from New Mexico [Mr. HATCH] is absent on official business, having been appointed a member of the President's Evaluation Commission in connection with the test of atomic bombs on naval vessels at Bikini.

The Senator from Louisiana [Mr. ELLENDER] and the Senator from Maryland [Mr. TYDINGS] are absent on official business, having been appointed to the commission on the part of the Senate to participate in the Philippine independence ceremonies.

The Senator from Texas [Mr. CONNALLY] is absent on official business, attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State. He has a general pair with the Senator from Michigan [Mr. VANDENBERG].

If present and voting the Senator from Florida [Mr. ANDREWS], the Senator from South Carolina [Mr. MAYBANK], the Senator from Idaho [Mr. TAYLOR], and the Senator from Oklahoma [Mr. THOMAS] would vote "nay."

Mr. WHERRY. The Senator from Michigan [Mr. VANDENBERG] is absent on official business attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State. He has a general pair with the Senator from Texas [Mr. CONNALLY].

The Senator from Massachusetts [Mr. SALTONSTALL] is absent on official business, having been appointed a member of the President's Evaluation Commission in connection with the test of atomic bombs on naval vessels at Bikini.

The Senator from Iowa [Mr. HICKENLOOPER] is absent by leave of the Senate on official business as a member of the Special Committee on Atomic Energy.

The Senator from Nebraska [Mr. BURLER] is absent on official business, being a member of the commission appointed to attend the Philippine independence ceremonies.

The Senator from Minnesota [Mr. SHIPSTEAD] is absent by leave of the Senate.

The Senator from Indiana [Mr. WILKINS] is necessarily absent.

The Senator from Delaware [Mr. BUCK] and the Senator from South Dakota [Mr. BUSHFIELD] are unavoidably detained.

The result was announced—yeas 12, nays 61, as follows:

#### YEAS—12

Ball	McCarran	Robertson
Bridges	Moore	Wherry
Brooks	O'Daniel	Wiley
Gurney	Reed	Wilson

#### NAYS—61

Aiken	Hawkes	Murray
Austin	Hayden	Myers
Barkley	Hill	Overton
Brewster	Hoey	Pepper
Briggs	Huffman	Radcliffe
Burch	Johnson, Colo.	Revercomb
Capehart	Johnston, S. C.	Russell
Capper	Kilgore	Smith
Carrville	Knowland	Stanfill
Chavez	La Follette	Stewart
Cordon	Langer	Swift
Donnell	Lucas	Taft
Downey	McClellan	Thomas, Utah
Eastland	McKellar	Tobey
Ferguson	McMahon	Tunnell
Fulbright	Magnuson	Wagner
Gerry	Mead	Walsh
Gossett	Millikin	White
Green	Mitchell	Young
Guffey	Morse	
Hart	Murdoch	

#### NOT VOTING—23

Andrews	Ellender	Shipstead
Bailey	George	Taylor
Bilbo	Hatch	Thomas, Okla.
Buck	Hickenlooper	Tydings
Bushfield	McFarland	Vandenberg
Butler	Maybank	Wheeler
Byrd	O'Mahoney	Willis
Connally	Saltonstall	

So Mr. ROBERTSON's amendment was rejected.

Mr. WHERRY. Mr. President, I offer the amendment which I have previously submitted for printing. It is designated as D, and I ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 24, beginning with line 14, it is proposed to strike out all down to and including line 18, and insert in lieu thereof the following:

(t) No maximum price shall be established or maintained for any commodity below the level necessary to afford distributors, wholesalers, retailers, and others dealing therein the margins or mark-ups (including discounts) in effect thereon in the calendar year 1940.

Mr. WHERRY. Mr. President, I shall detain the Senate only a few minutes. The amendment is practically self-explanatory, but I desire to make a brief explanation of what it will do and also what it is a substitute for.

The new subsection (t) which has been reported by the Committee on Banking and Currency reads as follows:

(t) In establishing maximum prices applicable to wholesale or retail distributors, the Administrator shall make due allowance for the current cost of acquisition of any commodity, plus such percentage discount or mark-up as was in effect on June 29, 1946.

Mr. President, I should like to inform the Members of the Senate that I have been advised by hundreds and hundreds of retailers and trade associations that the committee amendment is not acceptable to them, and I can state the reason why it is not. If the committee's subsection (t) is adopted, to begin with it says that the OPA shall make only due allowance, so, of course, that is merely window-dressing, and probably does not mean anything.

But if the OPA Administrator seeks to interpret the amendment as it is written, he can determine and will put into effect all cost absorptions up to June 29, 1946, which have been imposed on all segments of the industry; and, furthermore, whenever he puts the order into effect, he freezes the mark-ups of June 29 for the balance of the year.

So what we are doing under the new subsection (t) is to impose this restriction upon all segments of industry beyond the manufacturer and processor, to whom increases will be granted under the provisions of the joint resolution. They will freeze the distributor, the wholesaler and the retailer with all the cost absorptions they have had since the war began—not merely up to January 1, but up to June 29, 1946.

That is the reason why the retailers and distributors and wholesalers have been sending telegrams to the Congress by the hundreds—yes; I would say by the thousands—stating that subsection (t) is not acceptable to them, and that they would prefer not to have anything, rather than to have it, because without subsection (t) they can obtain relief in hardship cases, based upon their businesses during the past years.

Mr. President, the old subsection (t) which was adopted was different, and I should like to read it to the Senate. It was adopted to the former bill which went to conference and finally went to the President. Here is what it provided:

(t) No maximum price applicable to any distributor, wholesaler, or retailer, shall be established or maintained for any commodity below a price which will return to such distributor, wholesaler, or retailer with respect to such commodity his January 1, 1946, discount or the sum of (1) total current cost of acquisition plus (2) his January 1, 1946, mark-up.

There were several other lines to the subsection. They related to having the prices applied on an average basis for the industry, and so forth. But I have read the important part of the subsection.

The President objected to that. The period on which the old provision would have established the base was from January 1 to October 15, 1941. The President objected to that, first, because of the date.

The OPA Administrator stated that excessive profits were made in 1941. That has been also the statement of persons who have favored the manufacturer's amendment and the producer's amendment which the Senate adopted, and they have considered for their purposes the year 1940. That was during peacetime when conditions were normal. So, in his veto, an objection was made by the President to the use of the year

1941. He objected to the language which related to the prewar mark-up, or the sum total of current costs of acquisition plus prewar mark-up. That is, it was interpreted by the proponents of the amendment that it was a cost-plus amendment, and that under it the costs were guaranteed and on top of that, the mark-up. Personally, I do not feel that is a correct interpretation, regardless of the fact that the statement was made. So the President vetoed the bill.

I am satisfied that the greatest objection which the President had was to what has been called the Taft amendment, or the manufacturer's amendment. At least I gathered that much from the veto message, and also from the speech which the President made over the radio in which he mentioned the name of the Senator from Ohio about 10 times to mine once. So I am satisfied that personally he was not more opposed to the Wherry amendment than he was to the Taft amendment. However, Mr. President, I do not wish to say that I am in greater favor with the President than is the distinguished Senator from Ohio, but I am trying to make it as easy on the amendment as I can.

There is another thing which I wish to call to the attention of the Senate, and I do so with the best of feeling. When I offered the amendment I said that it originated in the Small Business Committee of the Senate. The amendment was drawn after careful consideration. I do not mean that it was offered by the Small Business Committee, because that would have been impossible. But I do mean to say that the majority of the members of the Small Business Committee agreed that the amendment should be offered, and I offered it in behalf of the distinguished members of that committee. I refer to the CONGRESSIONAL RECORD, where I said:

Mr. President, I should like to say that the amendment is offered in behalf of the Senator from Indiana [Mr. CAPEHART].—

The Senator from Indiana was in Indianapolis at the time on a very necessary mission—

the Senator from Montana [Mr. MURRAY], the Senator from Iowa [Mr. WILSON], the Senator from Oklahoma [Mr. MOORE], and the Senator from Tennessee [Mr. STEWART].

I wish to give them full credit for the fact that the amendment would have given to the other segments of the industry the opportunity to pass on through their traditional mark-ups the increase which should have been allowed. I have been asked to reoffer the same amendment, containing in it only a change of date. But I do not wish to do that. I do not wish to have presented a bill to the President of the United States which he will feel called upon to veto because we have incorporated the same amendments, or have changed the dates. So I have again taken the matter up with the members of the Small Business Committee, and they have agreed that this simple amendment should be offered. The amendment has been read. Once again I wish to say that I consulted with the distinguished chairman of the Small Business Committee, the Senator from Montana [Mr. MURRAY], and with

the distinguished chairman of the complaints subcommittee of the Small Business Committee, the Senator from Tennessee [Mr. STEWART] and both agreed that the amendment should be offered. If I am not mistaken, both of them told me that they would support the amendment on the floor of the Senate, if I would offer it in behalf of the Small Business Committee.

Mr. President, the amendment excludes current costs. There is nothing in the amendment which would guarantee costs to anyone. All the amendment does is to say to the Administrator that from now on, as a formula, he shall grant to the distributor, the wholesaler, and the retailer the mark-up and the margin or discount which was in effect in 1940. That is all the amendment does. We do not give any opportunity for the wholesaler, the retailer, or the distributor to contend that he shall be allowed current costs plus prewar mark-ups. We simply say to the Administrator that from now on, he shall not again impose cost absorptions, but if he does, the segments of industry to which I have referred will have the right to apply their old trade mark-ups or their discounts, or their margins which they were using in the prewar year of 1940. That year has been used as the normal base period in granting similar relief to the manufacturer. If the amendment is adopted the manufacturer, the processor, and the producer will have the right to receive increases in bringing about maximum production.

Mr. STEWART. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Tennessee?

Mr. MURRAY. I yield.

Mr. STEWART. In reading the amendment I believe I observed that the year was 1946 instead of 1940.

Mr. WHERRY. Mr. President, if a mistake of that kind has been made, I am glad to have it corrected; 1940 is the year to which we should go back in putting into effect the purpose of the amendment.

Mr. STEWART. Yes. I am in favor of the amendment. I am sure that almost all members of the Small Business Committee are in favor of it. At least, they were some time ago. I have not polled the members of the committee lately. I understood that the amendment provided only for mark-ups by retailers, which would include a small segment of businessmen who are in the category or group operating small businesses.

Mr. WHERRY. Yes.

Mr. STEWART. I am very much in favor of the amendment.

Mr. WHERRY. I thank the distinguished Senator, and appreciate very much his remarks.

Mr. President, we are not attempting to renew the old act. I wonder how many Senators have thought of that fact. We are writing a new price stabilization act. If the pending joint resolution becomes law, it will be a new act. It will apply to the coming year. Are we going to write into the act provisions for cost absorptions. Is that what the Senate wishes to do? I invite the attention of all Members of the Senate to the number of the cost absorptions

which have been imposed on the segments of industry to which I have referred, after price increases were granted to the manufacturers.

From April 22, 1942, to December 31, 1945, 268 general price increases were allowed to manufacturers. From January 1, 1946, to April 17, 1946, 115 general price increases were allowed to manufacturers. From April 18, 1946, to June 30, 1946, 131 price increases were allowed manufacturers. That makes a total of 514 price increases.

Mr. President, what about cost absorptions? From April 22, 1942, to December 31, 1945, a total of 201 cost absorptions were imposed upon these three segments of industry. From January 1, 1946, to April 17, 1946, a total of 70 cost absorptions were imposed on these three segments of the industry. From April 18, 1946, to June 30, 1946, a total of 31 cost absorptions were imposed upon these three segments of the industry.

To summarize, from April 22, 1942, to June 30, 1946, 514 general price increases were allowed to manufacturers. Of that number, 302 had to be absorbed entirely by the jobber, the distributor, and the retailer. They came out of the profits of those three types of businessmen.

Mr. President, I ask unanimous consent to place in the RECORD this exhibit which gives the price increases on the cost absorptions taken up by industry.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Summary of cost absorption required by OPA of retailers	
GENERAL PRICE INCREASES PERMITTED MANUFACTURERS	
1. Apr. 22, 1942-Dec. 31, 1945.....	268
2. Jan. 1-Apr. 17, 1946.....	115
3. Apr. 18-June 30, 1946.....	131
Total.....	514
TOTAL ABSORPTION OF INCREASES REQUIRED OF RETAILERS	
1. Apr. 22, 1942-Dec. 31, 1945.....	201
2. Jan. 1-Apr. 17, 1946.....	70
3. Apr. 18-June 30, 1946.....	31
Total.....	302
INSTANCES WHERE COST ABSORPTION WAS NOT REQUIRED	
1. Apr. 22, 1942-Dec. 31, 1945.....	14
2. Jan. 1-Apr. 17, 1946.....	5
3. Apr. 18-June 30, 1946.....	31
Total.....	50
PASS THROUGH TO CONSUMER OF DOLLAR INCREASES IN PURCHASE COST	
1. Apr. 22, 1942-Dec. 31, 1945.....	36
2. Jan. 1-Apr. 17, 1946.....	16
3. Apr. 18-June 30, 1946.....	52
Total.....	104
PASS THROUGH TO CONSUMER OF LESS-THAN-DOLLAR INCREASES IN PURCHASE COST	
1. Apr. 22, 1942-Dec. 31, 1945.....	17
2. Jan. 1-Apr. 17, 1946.....	21
3. Apr. 18-June 30, 1946.....	17
Total.....	55
JULY 11, 1946.	

Mr. WHERRY. Mr. President, if we adopt subsection (t) as now contained in the joint resolution, we will legalize all these cost absorptions. We cannot take them off the books of the jobbers, the retailers, and distributors.



The amendment is not retroactive. Statements on the floor have been to the effect that it was retroactive, but it is not. It means that under the new price law the Price Administrator will not be able in the future to pass on a cost absorption, because the provision that the distributor is entitled to his own margin, to his mark-up, or to his discount as of the year 1940, will be in effect.

Mr. President, I cannot see anything wrong about it. If we are to write a protection to three segments of industry—and we have to do it, because we have the manufacturer, the producer, and the processor—if we are to do that, why do we not complete it? Every retailer, every corner grocery store, every drug store, every furniture store, all the retail businesses, are affected by subsection (t).

I think the amendment has now been properly explained. It is new. It is something to be effective from now on. It is not retroactive. It provides that the Administrator shall not impose cost absorptions from now on. It is the fairest way to guarantee these three segments of industry that they shall not have to absorb the increases the committee measure provides for the manufacturer, the processor, and the producer.

Mr. President, I should like to have a yea and nay vote on the amendment.

The yeas and nays were ordered.

Mr. BARKLEY. Mr. President, I wish to call the attention of the Senate to some matters in connection with the amendment before it is voted upon.

I do not understand why the Senator from Nebraska persists in offering the amendment, unless it is an insatiable desire to get some more blood out of the joint resolution before it is finished.

The amendment offered by the Senator from Nebraska is not so favorable to the retailers as the provision in the joint resolution, if it is retailers he is trying to help. The amendment he offers merely provides that "no maximum price shall be established or maintained for any commodity below the level necessary to afford distributors, wholesalers, retailers, and others dealing therein the margins or mark-ups in effect thereon in the calendar year 1940."

In the original amendment offered by the Senator, which was adopted by the Senate and rewritten in conference, current costs of the commodity purchased were allowed. The Administrator was instructed to allow current costs, whatever such costs may have been, and that is what is provided in the section which the Senator seeks to eliminate.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. WHERRY. The language says that the Administrator shall make due allowance.

Mr. BARKLEY. Whenever we make due allowance for current costs, we allow what is due on current costs.

Mr. WHERRY. Will the Senator answer another question?

Mr. BARKLEY. I shall try.

Mr. WHERRY. I have faith that the distinguished Senator can answer it.

Mr. BARKLEY. I appreciate that. Do not make the question too hard, however. [Laughter.]

Mr. WHERRY. Let me see if I can put it in such form that the Senator can understand it.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. BARKLEY. I have yielded to the Senator from Nebraska.

Mr. CAPEHART. Does the Senator refuse to yield?

Mr. BARKLEY. I yield to the Senator from Indiana.

Mr. CAPEHART. I desire to make the suggestion, in case the Senator is unable to answer, that I see the former Director of the OPA in the gallery. He may be able to answer for the Senator.

Mr. BARKLEY. Mr. President, this is a free country, and anyone has a right to sit in the Senate gallery, if he is a former Director of OPA, the present director, or someone who hopes to be in the future. I do not see what light is thrown on the discussion here by referring to the fact that a particular Government official is in the gallery.

Mr. CAPEHART. Mr. President, I do not see what light is thrown upon the subject by the majority leader wasting the time of the Senate by trying to be comical in attempting to answer the question of the Senator from Nebraska.

Mr. BARKLEY. Of course, if the Senator from Indiana does not understand or appreciate my comedy, that is something for which I am not responsible. The Lord will have to take charge of that. [Laughter.]

Mr. WHERRY. Mr. President, I should like to ask the distinguished majority leader this question: If subsection (t) is adopted, will it not freeze all of the cost absorptions which have been imposed up to June 29, 1946?

Mr. BARKLEY. I do not care to answer that question categorically "Yes" or "No," because such an answer would not be correct, but I shall try to answer it in my explanation of what I think the section means.

I was about to draw the attention of the Senate to the difference between the amendment the Senator has offered and the provision in the joint resolution which the committee adopted.

As I was saying, in the original amendment offered by the Senator, the Administrator was instructed, in fixing retail prices, to fix them at a point not below that which would represent current costs of acquisition, that is, the amount that was paid for the goods, plus the margins which were in effect before the war. I think the language was "prewar margins or mark-ups."

When the conference committee considered that it decided that wholesalers or jobbers should be allowed what it cost them to get the goods in the first place plus the mark-up or discount in effect on January 1, 1946. That was the provision in the bill which the conference committee wrote, and the two Houses agreed to it.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. WHERRY. When the conferees did that they froze all cost absorptions imposed upon those three segments as of January 1, 1946.

Mr. BARKLEY. What we did was to add to the cost of acquiring the goods by the retailer the mark-ups and discounts that were in effect on that date.

Mr. WHERRY. Will the Senator further yield?

Mr. BARKLEY. I yield.

Mr. WHERRY. When the conferees did that they took out all the mark-ups or cost absorptions and froze them. That is why there was not anything left in the amendment.

Mr. BARKLEY. We might argue all night about what was left in the amendment. I think there was enough left in it. There was all any retailer had a right to expect the Government of the United States to guarantee him, namely, what it cost to buy the goods, and the mark-up.

Mr. WHERRY. Will the Senator yield?

Mr. BARKLEY. I wish the Senator would allow me to make a consecutive statement.

Mr. WHERRY. The Senator said the guaranty was there. I should like to say to the distinguished Senator—and it is one of the arguments we have had—that when he accepted the date January 1, 1946, and put in the amendment the provision for cost plus the mark-up, he took out of the mark-up the increased cost, which was the absorption cost.

Mr. BARKLEY. There has been a program of cost absorption with respect to certain merchandising which has been sold since January 1. The goods which represented the merchandise on the shelves have been sold. They have gone to the consumers. Many of them have been consumed. The merchant has made whatever profit he made upon them, and has reinvested the profit in other goods now on his shelves.

In subsection (t), which is a part of the joint resolution, we still allow whatever it cost him to buy the goods, and it will include whatever increase in manufacturing prices are brought along by the new pricing formula for goods manufactured under the formula to which the Senate has agreed. Whatever increases go into that will be allowed the merchant when he puts the goods on his shelves, and, in addition to that, the mark-up or margin which was in effect on the 29th day of June. I think that is a fair proposition.

Mr. WHERRY. Will the Senator yield?

Mr. BARKLEY. I yield.

Mr. WHERRY. That mark-up includes the cost absorption.

Mr. BARKLEY. In some cases it does; in some cases it does not. Whatever it represents, as to the goods upon which there was a margin, upon which the retailer was not even guaranteed the cost of acquisition up to June 29, or up to now, there was no guaranty, there was no mandatory provision that the Office of Price Administration should allow merchants what they had paid for their goods when they were purchased. There was a program of cost absorption for certain increases brought about by increases in the cost of manufacture.

It was supposed that every article bought by a merchant since January 1 represented an increase in labor costs in manufacture, but that was not true.

Most of the increases in labor costs did not go into effect in January, February, or March. The truth is that most of them have not even yet gone into effect, because the increases in the manufacturing costs due to increases in labor costs did not go into effect until April or May and some of them not until June. So it is not true that all the goods purchased by merchants and put on their shelves since January 1 represented increases in cost of manufacture due to increases in wages.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. WHERRY. Was the Senator in the Senate when I read the list of general price increases in industry from April 22, 1942?

Mr. BARKLEY. I do not know whether I was present. I probably was.

Mr. WHERRY. There were 512—

Mr. BARKLEY. 512 what?

Mr. WHERRY. I will tell the Senator. There were 512 general price increases to all industry in the United States.

Mr. BARKLEY. During the entire 6 months?

Mr. WHERRY. No, from April 22, 1942. I hope the Senator will just be patient. We have a right to establish our case here.

Mr. BARKLEY. The Senator established it in his time. Does the Senator want to establish it in my time?

Mr. WHERRY. I certainly can ask all the questions I want to.

Mr. BARKLEY. What was the Senator's statement?

Mr. WHERRY. There is no limit on debate here.

Mr. BARKLEY. No.

Mr. WHERRY. Very well. And we can establish our case in the Senator's time or in my time.

Mr. BARKLEY. Mr. President, I have tried to be courteous to the Senator.

Mr. WHERRY. And I have tried to be courteous to the distinguished majority leader.

Mr. BARKLEY. I did not ask the Senator to yield to me while he was speaking. He has taken up more of my time than I have myself.

Mr. WHERRY. If the Senator does not want to yield to me, very well.

Mr. BARKLEY. I have not done anything but yield.

Mr. WHERRY. I ask the Senator to yield right now.

Mr. BARKLEY. Very well, I yield right now; right now; right now. [Laughter.]

Mr. WHERRY. That is wonderful. I appreciate the humor represented by the Senator pounding on the desk. I am thankful for it.

Mr. BARKLEY. Oh, no. Do not accuse me of being humorous, because it will give offense to the Senator from Indiana.

Mr. WHERRY. I do not want to do that.

Mr. BARKLEY. I am yielding.

Mr. WHERRY. Will the Senator yield?

Mr. BARKLEY. I said I am yielding. I am still yielding.

Mr. WHERRY. Now the Senator is in good humor again. We all love the ma-

jority leader. He has had to take much punishment. I do not blame him for being irritable.

Mr. BARKLEY. No; I am not irritable. If the Senator makes a false accusation of that kind against me I shall not yield to him.

Mr. WHERRY. I would not make a false accusation against the distinguished majority leader for anything in the world. He knows I love him, does he not?

Mr. BARKLEY. Will the Senator write that statement out?

Mr. WHERRY. Now that we have gotten along this far amicably, I should like to ask the distinguished Senator one more question.

Mr. BARKLEY. Very well. Can I depend on that?

Mr. WHERRY. No; I am going to ask the Senator a question, and another after that, and if it leads to still another I shall ask the Senator to yield, and I know he will yield.

Mr. BARKLEY. Go ahead.

Mr. WHERRY. Let us take any industry, and say that the cost of the commodity manufactured by the industry is guaranteed. We do not guarantee it to the distributor in my amendment. Let us consider a certain type of article. The wholesaler obtains it, and then sells it to a retailer, and the retailer sells it to the consumer. In 302 cases of the 512 price increases, the manufacturers' increase has been passed on to the wholesaler and retailer, and they have absorbed it without passing it on to the consumer. That is true with respect to 302 out of 512 price increases.

Mr. BARKLEY. That confirms what I said a while ago, that only some of the increases have been passed on to the retailer, and he was compelled to absorb them. It was about three hundred out of five-hundred-odd.

Mr. WHERRY. Will the Senator permit me to continue for a moment, and then I want to ask the question. Of the remainder of these absorptions, the retailers have absorbed up to about half. The increases I have mentioned were all the price increases from April 1942 until June 30, 1946. If the cost of acquisition is charged on the invoice, and the mark-up is frozen as of January 1 or June 30, 1946, it results, in the case of furniture dealers, for instance, that they are required to absorb 12 percent on every piece of furniture they sell. That is the effect of the freeze.

Mr. BARKLEY. Is that a question?

Mr. WHERRY. The question has not been asked yet. I hope the distinguished Senator will bear with me for just a moment. We are trying to present both sides of the case.

Mr. BARKLEY. Yes; I will bear with the Senator.

Mr. WHERRY. I will give the Senator as much of my time, when I speak again, as the Senator has given me of his time.

Mr. BARKLEY. The Senator from Nebraska has already had his time on the floor.

Mr. WHERRY. I have some more time. I can speak again on this measure.

Mr. BARKLEY. I understand that.

Mr. WHERRY. The pending amendment does not guarantee current costs

at all. We are not asking for current costs. We are not proposing a retroactive application. The Senator says the merchants already have the goods. We are not worried about the goods they have. All we are asking is that in the future, when a new price-control act is being written, that the three segments of industry in which the increases will be made will be permitted to charge the same percentage mark-up or the margin or the discount they had in 1940. What is wrong with that?

Mr. BARKLEY. I shall try to tell what is wrong with it. I am serious about this, Mr. President. If I were a merchant I would rather have the Government of the United States say that I shall be allowed what it costs me to buy the goods on my shelves, and have the discount that was in effect on June 29, than to say nothing about my being allowed what it cost me to put the goods on my shelves and go back to 1940 for the discount I then had on my goods.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. TAFT. The words of the Wherry amendment are:

No maximum price shall be established  
 \* \* \* below the level necessary to afford  
 \* \* \* to dealers \* \* \* the margins  
 in effect thereon in the calendar year 1940.

"Margin" means the difference between the current cost of the goods and what the dealer sells them for, so there is just as much current cost in the Wherry amendment as in the other amendment.

Mr. BARKLEY. Why was it necessary, then, to clutter up the original Wherry amendment with the guarantee of cost of acquisition, the current cost?

Mr. TAFT. That is one way of doing it, but "margin" means the difference between the purchase cost at a certain time, with the legitimate current cost between them added to the selling price. Of course this proposal is more favorable to the wholesaler. It provides that the wholesaler can have the current price plus the 1940 discount, instead of the discount in effect today. The discount in effect today has been cut many times in the case of many wholesalers, particularly since the 1st of January of this year. This simply restores the margin they had in 1940. The wholesalers trade has always been conducted on traditional mark-ups. That is the way they have always done business. This amendment provides that they can charge the traditional mark-up. That is the effect of the amendment.

Mr. BARKLEY. Business returns and business conditions have changed in the past 6 years. It may be that the war had something to do with the change in the method of doing business; but there has been an immense change in the whole business outlook and in the method of transacting business since 1940.

I should like to read to the Senate some figures with respect to profits of certain categories of business in the 1936-39 period and in 1945. Much has been said here about business not being able to make any money under the OPA,



either manufacturers or wholesalers or retailers. In the 1936-39 period the average profit of the building materials industry before taxes was \$616,230,000. In 1945 it was \$120,380,000.

The profits of department stores in the period from 1936 to 1939, when there was no OPA, before taxes were \$82,000,000 per annum. In 1945, with OPA and all its restrictions and price regulations, the profits of department stores before taxes were \$1,152,000,000.

#### Furniture—

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. BARKLEY. Not now, Mr. President. I should like to complete this list.

Mr. BREWSTER. Would it not be much fairer to give the figures after taxes? When a comparison is made before taxes it presents a distorted picture.

Mr. BARKLEY. Of course taxes have been increased.

Mr. BREWSTER. Enormously.

Mr. BARKLEY. Of course they have been increased during the war, but they have been increased on the Senator from Maine, and they have been increased on me, and they have been increased on everybody.

Mr. BREWSTER. If the Senator is undertaking to give the figures showing what business got, why not show what they actually got?

Mr. BARKLEY. Whenever a figure is given before taxes it means what the industry has charged the American people; what the American people paid into the industry. I have not the opportunity nor the time to calculate what taxes they paid. I would not know. I do not have any access to the Internal Revenue Bureau and the returns of various corporations. But it is a significant fact that in 1936-39 department stores, before taxes, made \$82,000,000, and in 1945 they made \$1,152,000,000.

Furniture, before taxes—and these figures are usually given before taxes, because the average statistician and the average Senator does not have access to the tax record of these various organizations—

Mr. BREWSTER. What are the figures from?

Mr. BARKLEY. They are from the Government of the United States.

Mr. BREWSTER. The Government of the United States certainly has the figures on taxes. If the Senator wants to show the people how well off these organizations are after the Government gets through with them, he should state what their profits were after they paid their taxes.

Mr. BARKLEY. Very well. I appoint the Senator from Maine my agent to find out how much taxes they paid. I cannot find it. A committee writing a tax bill might find out what the tax returns of these corporations are, but the Senator knows we do not have them available to us.

Mr. BREWSTER. The Senator says that the Government of the United States furnished him these figures. The Government of the United States has the other figures also. To give the people of the country a fair picture we should have both figures.

Mr. BARKLEY. The Government of the United States cannot give them to me, and the Senator knows it.

Mr. BREWSTER. It certainly can and does give figures on gross taxes.

Mr. BARKLEY. It gives them to tax committees of the House and Senate.

I do not yield further until I go through this list.

With respect to furniture, the profits in the period from 1936 to 1939 were \$54,000,000 per annum; and in 1945 \$254,000,000. In the period from 1936 to 1939 the figure for hardware was \$21,000,000 per annum, for 1945, \$132,000,000.

The next item is wearing apparel. This is something that will interest Senators. In the period from 1936 to 1939 the profits of the apparel industry were \$117,000,000 per annum; in 1945 they were \$770,000,000.

The profits in the shoe industry, before taxes, were \$30,000,000 per annum in the period from 1936 to 1939, and \$135,000,000 in 1945.

In the 5- and 10-cent category of merchandise, a limited variety of goods, profits in the prewar period were \$34,000,000; in 1945, \$150,000,000.

Let me read something that the National Retail Drygoods Association, through its bulletin of July 3, sent out to all retail merchants in the United States who are members of the National Retail Drygoods Association. This is a long letter, and I shall not read more than a paragraph or two of it. Some of it is not pertinent to this question:

Our check-up indicates that many manufacturers are at present sitting by and watching to see what is going to happen. If retailers advance their prices now, it is a certainty that manufacturers also will advance prices. If retailers stand firm and do not advance their prices there will be an excellent reason why manufacturers also should hold to the level of June 28, until the situation has been crystalized to a point where action may be intelligent. As we wrote the above paragraph—

There is recited a conversation which took place between the writer and a subscriber, or a member of the National Retail Drygoods Association, with respect to certain items. It was decided not to mark them up, notwithstanding the expiration of the law, but to keep prices at the level where they were on the 29th day of June.

Here is another paragraph from the July 3 letter of the National Retail Drygoods Association:

By and large we think manufacturers as well as retailers are displaying a sense of responsibility, but everyone is waiting to see what others are doing. We suggest to you that you have too much at stake to encourage any upward rush of prices by advancing your own prices. After all, very few retailers can honestly claim their profits have suffered at the prices which have prevailed. It is a good investment to keep down your own prices and to resist all efforts to stampede you into paying increased prices.

In other words, the National Retail Drygoods Association, which represents retailers all over the United States, in its bulletin of July 3 says that after all, with all the difficulties, all the handicaps, and all the restrictions, no one in the

retail business can honestly claim that his profits have not been satisfactory under prices which have prevailed. Are we in the Senate to say that we know more about the subject than the National Retail Drygoods Association, which sends this bulletin out to its subscribers every week? I do not believe so.

So, Mr. President, it seems to me that the provision in the joint resolution which I have read, and which I shall read again, amply deals with the situation. It is all that the retail trade has any right to expect. It is all that it is asking, so far as I know. But in order that we may make sure what it is, let me read the provision in the joint resolution:

In establishing maximum prices applicable to wholesale or retail distributors, the Administrator shall make due allowance—

I am not wedded to the words "due allowance." I am perfectly willing to change them to "allowance" or "grant," or whatever will make him do it. I thought when we wrote that language that he was to allow whatever was due because of the current cost of purchasing the goods.

That is what I think it means. But if it does not mean that, I am willing to use words that will mean that. The Administrator is required to allow the current cost day by day, week by week, and month by month, as the merchant buys his goods, including the increase in material and labor costs. The merchant is to be allowed whatever it costs him to buy the goods in the market, plus the mark-up and discount which he enjoyed on the 29th day of June. The National Retail Dry Goods Association stated that retail dry goods merchants cannot complain of the profits they were making under prices which then prevailed.

If we are undertaking to write a price formula, if we are undertaking to say that the merchant shall charge whatever it has cost him to buy his goods, we ought to say so, and then add as the margin of profit, whether it be a percentage or dollar mark-up, whatever he was enjoying on the 29th of June when the OPA expired.

Therefore, Mr. President, I hope the amendment offered by the Senator from Nebraska will not be adopted. I have the greatest affection for him. I am certain that the Senator from Nebraska cannot love me any more than I love him. I am devoted to him. I think as much of him as I do of any man I ever knew in my life with whom I disagreed as much. I think he is mistaken about this provision. I believe that the provision in the joint resolution is a fair and constructive proposal. I think it would guarantee to every merchant what he pays for his goods, plus the mark-up or discount which he was enjoying at the time the OPA ceased and desisted.

I hope the amendment will be defeated, and that this section of the joint resolution will be agreed to by the Senate.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. TAFT. I notice that the Senator incorporated in the joint resolution a

provision on page 22 allowing automobile dealers their peacetime retail trade discounts, and allowing to farm-implement dealers their established peacetime discounts and mark-ups. I do not see why they should be treated differently from wholesalers.

Mr. BARKLEY. The Senator from Ohio is an able lawyer and an able legislator. He knows that the provision with respect to automobiles and farm machinery was written in contemplation of the fact that during the war there was no market, and that we had to go back to the prewar period in order to establish a standard. The Senator from Ohio knows that. Every other member of the committee knows it. Every Member of the Senate knows it.

Mr. TAFT. That is not at all true. The OPA set a mark-up on the 1st of January. It reduced it three times.

Mr. BARKLEY. There was a mark-up for used cars and second-hand cars. There have been practically no new cars sold since the war.

Mr. TAFT. The OPA set one mark-up on new cars last January. It reduced the mark-up once before January, and once since January.

Mr. BARKLEY. It has also increased it somewhat since January.

Mr. TAFT. In the case of farm implement dealers there was nothing said about the war. In those two cases the Senator has deliberately placed in the joint resolution provisions for the peacetime discounts of those particular dealers. If such discounts are to be provided for those dealers, why should they not be provided for other dealers?

Mr. BARKLEY. In order to arrive at a fair standard we had to go to a normal period, and that normal period was before the war. The merchants to whom reference has been made have been doing business ever since the war started. They were doing business all during the war. We had to establish a standard for them not only during the war, but after the war. That situation did not exist with respect to automobiles or farm implements, because they were not being manufactured to any extent during the war.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. WHERRY. The OPA furnished the figures as to profits which the distinguished majority leader just read. If he will read the figures representing profits in the automobile industry, he will find that last year there was a profit of 225 percent.

Mr. BARKLEY. That was on old cars.

Mr. WHERRY. The Senator stated that there was no business in automobiles during the war.

Mr. BARKLEY. I was speaking about the automobile manufacturing business. During the war automobile manufacturers were making war implements, not automobiles. The farm-machinery manufacturers were doing the same thing.

Mr. WHERRY. The figure of 225 percent represents the profit of the automobile industry, which includes all of the automobile industry.

I was about to point out—

Mr. BARKLEY. Mr. President—

Mr. WHERRY. Mr. President, have I the floor? I shall be glad to yield. I think I am on my own time now.

Mr. BARKLEY. The Senator has had the floor most of the time, even when I thought I had it.

Mr. President, I yield the floor for the time being.

Mr. WHERRY. Mr. President, my admiration for the Senator from Kentucky is just as great as is his admiration for me. I shall be glad to grant him time in my time. I like to yield to the distinguished majority leader.

How inconsistent we are! We are writing a new price stabilization act, and we are writing it for the producers, the manufacturers, the wholesalers, the distributors, and the retailers. We give the manufacturers and processors one formula, and we give the other three segments a different formula. We say to them, "We are not going to allow you any increases. We are going to allow you current costs." That is in my amendment. Anyone who can read the English language can read it. We allow the current costs. We do not freeze the percentage mark-up with cost absorptions in it. We simply go back to the year 1940—and I did this to please the majority leader. I took the same year he is talking about. Under the new price formula, which will apply to all business, all I want to do is to allow the distributors what they had in 1940, the base period which is used for the manufacturer, the producer, and the processor. The amendment is just as fair as it could be.

If we vote for subsection (t) in the joint resolution, for the first time we shall legalize cost absorption. This is not a price stabilization act with subsection (t) included. It is a profit-control act. It is not price stabilization. We are requiring that the retailer, the jobber, and the distributor take their profits on the basis of the mark-up existing on June 30, 1946, when they were required to absorb three-fifths of the general increases in industry.

I am pleading for the little grocer who runs the corner store. I am pleading for the little automobile man. According to the figures of the United States Department of Commerce, 556,000 businesses went out of existence last year. Why did they close their doors, if they made so much money? I am talking about the small implement dealer who distributes farm machinery to the farmers. I am talking about the men in small business who have been hit, and hit hard.

Are we going to have a new price control which is not price control at all; are we going to turn over to a man by the name of Porter the right to say to a businessman what he may produce and in what volume he may produce it, and then say to these segments of industry, "This is all the profit you can make. You cannot make any more"? Mr. President, if we are to have a price stabilization act with such provisions in it, it will be nothing but a profit-control act. That is no stabilization; and I do not think the Congress should go on record as favoring the creation of a profit-control agency.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. WHERRY. I yield; but I am ready to yield the floor and to vote on the amendment.

Mr. BARKLEY. If the Senator is ready to yield the floor, I shall resume it for a moment.

Mr. WHERRY. Very well.

Mr. BARKLEY. All of us know that we had to make a difference in the joint resolution between the treatment of industries which practically went out of business during the war and the treatment of businesses which continued in operation. That is why we made special provisions as to any industry whose business had been decreased by 75 percent during the war period, which applies to the farm-implement industry, because those engaged in that industry were making war materials, not farm implements, and the same is true of the automobile industry. We could not find a normal period for either the farm-implement manufacturers or the automobile manufacturers this side of the war period or during the war period. We had to go back to a prewar period in order to find an approximately normal period for them, because when the war began they immediately converted their plants to the manufacture of shells and guns and airplanes and other materials of war. So in order to obtain a fairly normal period for automobile manufacturers and farm-implement manufacturers, we went back to the period before the war.

But retail merchants have been doing business all during the war. They did not go into the manufacture of war materials. They kept selling their goods to the people, on every street corner, in every town and village. We did not have to go back to a prewar period in order to find a normal period for them, because they have gone on making their sales and their profits.

Therefore, we felt, and I feel very strongly, that we should not go back to 1940 as to them, but we should, in addition to granting them the cost or whatever it takes to buy the goods which they put on their shelves, grant them the discount which they enjoyed currently during the war and at the end of the war and during the reconversion period.

That is what this subsection does, and that is all it does.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Nebraska [Mr. WHERRY], on which the yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. HILL. I announce that the Senator from Florida [Mr. ANDREWS] and the Senator from North Carolina [Mr. BAILEY] are absent because of illness.

The Senator from South Carolina [Mr. MAYBANK] and the Senator from Montana [Mr. WHEELER] are absent by leave of the Senate.

The Senator from Mississippi [Mr. BILBO] and the Senator from Arizona [Mr. McFARLAND] are detained on public business.

The Senator from Virginia [Mr. BYRD] is detained on official business.



The Senator from New Mexico [Mr. HATCH] is absent on official business, having been appointed a member of the President's Evaluation Commission in connection with the test of atomic bombs on naval vessels at Bikini.

The Senator from Louisiana [Mr. ELLENDER] and the Senator from Maryland [Mr. TYDINGS] are absent on official business, having been appointed to the commission on the part of the Senate to participate in the Philippine independence ceremonies.

The Senator from Texas [Mr. CONNALLY] is absent on official business, attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State. He has a general pair with the Senator from Michigan [Mr. VANDENBERG].

On this vote the Senator from Florida [Mr. ANDREWS], who would vote "nay," is paired with the Senator from South Dakota [Mr. BUSHFIELD], who would vote "yea."

On this vote the Senator from South Carolina [Mr. MAYBANK], who would vote "nay," is paired with the Senator from Indiana [Mr. WILLIS], who would vote "yea."

Mr. WHERRY. The Senator from Michigan [Mr. VANDENBERG] is absent on official business attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State. He has a general pair with the Senator from Texas [Mr. CONNALLY].

The Senator from Massachusetts [Mr. SALTONSTALL] is absent on official business, having been appointed a member of the President's Evaluation Commission in connection with the test of atomic bombs on naval vessels at Bikini.

The Senator from Iowa [Mr. HICKENLOOPER] is absent by leave of the Senate on official business as a member of the Special Committee on Atomic Energy. He would vote "yea" if present.

The Senator from Nebraska [Mr. BUTLER] is absent on official business, being a member of the commission appointed to attend the Philippine independence ceremonies.

The Senator from Minnesota [Mr. SHIPSTEAD] is absent by leave of the Senate.

The Senator from Indiana [Mr. WILLIS] is necessarily absent. He would vote "yea" if present.

The Senator from South Dakota [Mr. BUSHFIELD] is unavoidably detained. He would vote "yea" if present.

The result was announced—yeas 29, nays 46, as follows:

## YEAS—29

Ball	Gurney	Smith
Brewster	Hawkes	Stewart
Bridges	Knowland	Taft
Brooks	Millikin	Thomas, Okla.
Buck	Moore	Wherry
Capehart	Murray	White
Capper	O'Daniel	Wiley
Cordon	Reed	Wilson
Donnell	Revercomb	Young
Ferguson	Robertson	

## NAYS—46

Aiken	Eastland	Hill
Austin	Fulbright	Hoey
Barkley	George	Huffman
Briggs	Gerry	Johnson, Colo.
Burch	Gossett	Johnston, S. C.
Carville	Green	Kilgore
Chavez	Guffey	La Follette
Downey	Hayden	Langer

Lucas  
McCarran  
McClellan  
McKellar  
McMahon  
Magnuson  
Mead  
Mitchell

Morse  
Murdock  
Myers  
O'Mahoney  
Overton  
Pepper  
Radcliffe  
Russell

Swift  
Taylor  
Thomas, Utah  
Tunnell  
Wagner  
Walsh

## NOT VOTING—21

Andrews  
Bailey  
Bilbo  
Bushfield  
Butler  
Byrd  
Connally

Ellender  
Hart  
Hatch  
Hickenlooper  
McFarland  
Maybank  
Saltonstall

Shipstead  
Stanfill  
Tobey  
Tydings  
Vandenberg  
Wheeler  
Willis

So Mr. WHERRY's amendment was rejected.

Mr. BARKLEY. Mr. President, in order that there may be no cause for misapprehension or misunderstanding with reference to the meaning of the language in subsection (t) of section 10, I move, on page 24, line 15, to strike out the words "make due allowance for" and insert in lieu thereof the word "allow", so that the language will read, "the Administrator shall allow for the current cost of acquisition," and so forth.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Kentucky.

The amendment was agreed to.

Mr. STEWART. Mr. President, what was the amendment? I did not thoroughly understand it.

Mr. BARKLEY. The amendment was, on page 24, in line 15, to strike out the words "make due allowance for" and insert in lieu thereof the word "allow." The language would then read "the Administrator shall allow for the current cost of acquisition", and so forth. I think that the amendment improves the language.

The PRESIDENT pro tempore. The joint resolution is before the Senate and open to further amendment.

Mr. PEPPER. On behalf of myself and other Senators I submitted an amendment in the nature of a substitute. If there are other amendments undisposed of at this time, we should like to defer calling up our amendment until they have been disposed of.

The PRESIDENT pro tempore. The joint resolution is before the Senate and open to further amendment.

Mr. PEPPER. Mr. President, I call up the amendment which, in behalf of myself and other Senators, I stated that I would offer in the nature of a substitute for the committee amendment, but before I ask to have it stated I wish to add as additional sponsors of the amendment the names of the Senator from California [Mr. DOWNEY] and the Senator from Oregon [Mr. MORSE].

The PRESIDENT pro tempore. The RECORD will so show.

Mr. PEPPER. I ask that the amendment be stated.

The PRESIDENT pro tempore. The amendment offered by the Senator from Florida on behalf of himself and other Senators will be stated.

The CHIEF CLERK. It is proposed to strike out all after the enacting clause and insert the following:

That section 1 (b) of the Emergency Price Control Act of 1942, as amended, is amended by striking out "June 30, 1946" and substituting "February 1, 1947"; and by inserting before the period at the end thereof a colon and the following: "Provided, That the President is authorized, whenever he deems such action to be necessary in the public interest, to eliminate or modify any regulation, order, price schedule, or other control imposed by or under the authority of this act or the Stabilization Act of 1942, as amended."

SEC. 2. Section 6 of the Stabilization Act of 1942, as amended, is amended by striking out "June 30, 1946" and substituting "February 1, 1947."

SEC. 3. The last paragraph of section 2 (c) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944, shall not apply with respect to operations of the Commodity Credit Corporation and the Reconstruction Finance Corporation until February 1, 1947: *Provided*, That no new subsidy or purchase and sale operations shall be undertaken under the authority of this section, and no change shall be made in the basis of any operations existing on June 29, 1946, for which funds are made available under this section which will increase the rate of any subsidy or the rate of loss incurred with respect to any commodity.

SEC. 4. (1) The provisions of this act shall take effect as of June 30, 1946, and (2) all regulations, orders, price schedules, and requirements under the Emergency Price Control Act of 1942, as amended, and the Stabilization Act of 1942, as amended, which were in effect on June 30, 1946, shall be in effect in the same manner and to the same extent as if this act had been enacted on June 30, 1946, and (3) any proceeding, petition, application, or protest which was pending under the Emergency Price Control Act of 1942, as amended, of the Stabilization Act of 1942, as amended, on June 30, 1946, shall be proceeded with and shall be effective in the same manner and to the same extent as if this act had been enacted on June 30, 1946: *Provided*, That in any case in which the Emergency Price Control Act of 1942 (except secs. 204 and 205), as amended, or the Stabilization Act of 1942 (except secs. 8 and 9), as amended, or any regulation, order, or requirement under either of such acts, prescribes any period of time within which any act is required or permitted to be done, and such period had commenced but had not expired on June 30, 1946, such period is hereby extended for a number of days equal to the number of days from July 1, 1946 to the date of enactment of this act, both inclusive: *Provided further*, That no act or transaction occurring subsequent to June 30, 1946, and prior to the date of enactment of this act shall be deemed to be a violation of the Emergency Price Control Act of 1942, as amended, or the Stabilization Act of 1942, as amended, or of any regulation, order, price schedule, or requirement under either of such acts.

Mr. PEPPER. Mr. President, as Senators observed when the amendment was read, it would strike out all after the enacting clause of the pending joint resolution and would insert new matter. The amendment is sponsored by myself, the Senator from New York [Mr. WAGNER], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from New York [Mr. MEAD], the Senator from Montana [Mr. MURRAY], the Senator from Utah [Mr. MURDOCK], the Senator from Washington [Mr. MITCHELL], the Senator from Idaho [Mr. TAYLOR], the Senator from Pennsylvania [Mr. MYERS], the Senator from West Virginia [Mr. KILGORE], the Senator from Illinois [Mr. LUCAS], the Senator from Washington [Mr. MAGNUSON], the Senator from Utah [Mr. THOMAS], the Senator from Ohio

[Mr. HUFFMAN], the Senator from Connecticut [Mr. McMAHON], the Senator from California [Mr. Downey], and the Senator from Oregon [Mr. Morse].

The amendment was prepared by the legislative counsel, and the legal effect of it, if enacted into law, would be that the OPA, as it existed on June 30, 1946, would be continued until February 1, 1947.

Mr. President, I ask leave to modify the amendment so as to substitute for the words on page 2, beginning in line 1, and reading: "Provided, That the President is authorized whenever he deems such action to be necessary in the public interest, to eliminate or modify any regulation, order, price schedule, or other control imposed by or under the authority of this act or the Stabilization Act of 1942, as amended." The provisions of the committee amendment providing for a Decontrol Board, and all the provisions of the committee amendment relating to the Decontrol Board.

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair). The Senator has a right to modify his amendment.

Mr. PEPPER. So, Mr. President, as modified, the amendment would mean, if enacted into law, that the OPA as it existed on the 30th of June 1946, would be continued until February 1, 1946, with the single exception that there would be established a decontrol board with all the functions and authority of the decontrol board recommended in and provided for in the joint resolution which is now before the Senate. The amendment presents a clear-cut issue to the Senate, and I think that many Senators would like to have an opportunity to vote on it.

We have before us the committee amendment which has been altered in so many respects that, frankly, I can say that it possesses little more virtue, if any at all, than the bill which the President properly and courageously vetoed.

In making that statement, I wish to be distinct in my commendation of the laborious and generous work of the many who have brought the pending measure before the Senate, particularly the able Senator from Kentucky [Mr. BARKLEY], our distinguished majority leader. I do not know how anyone could have labored more diligently and more earnestly for effective price control than has the Senator from Kentucky during the weeks and months which have passed. He has and deserves the commendation of Senators and other Members of Congress, as well as the citizenry of this country who want to see effective price control in this Nation. I wish to be one of those who desire to express their heartfelt appreciation of what our able leader has tried to do and has done. But nevertheless, Mr. President, I am sure that all of us have the feeling that, having decontrolled the various commodities which have been decontrolled by this measure, and having done many other things to which I shall refer in a little more detail in a moment, for all practical purposes we have started vigorously rolling the wheels of a dangerous inflation. We have gone beyond the power estimated

and calculated to increase the cost of living of the people of the United States.

Mr. President, we have so disorganized the whole machinery of price control that, in my opinion, it will be impossible, as a practical matter, to remedy it in the committee amendment as amended, which is now before the Senate, and we have done what the President said in his message legitimized and legalized inflation and the high cost of living.

Mr. President, we have had a demonstration during the past few days of whether the many people were mistaken who thought we did not need price control. I am not quarreling with anyone who had a different opinion from mine. This is one of those speculative realms in which no one of us can be too sure he is correct. But, fortunately, we have had a few days of practical experience. As a matter of fact, no one of us would have to read the statistics. All we need to do is to draw on our personal experience and the experience of our families and close friends in what they have undergone during the past few days.

I have before me a typical letter which came to me from the former Speaker of the House of Representatives of my State, Hon. W. B. Bishop.

The letter was written Saturday night, and in it Mr. Bishop says:

Today Southern Packing Co. placed a price of 8 to 10 cents up on every pound of all types of meat. Neck bones from 7½ to 14½; side meat 26½ to 36½ cents and so on. A small miller out here gave \$3.75 a bushel for corn—shelling, milling, and selling meal at \$1.75 a peck of 10 pounds. On the cash market in Tallahassee corn meal 25 cents a quart. No meal or flour or sugar in most stores. Beef up to 65 cents to 90 cents a pound. Breakfast bacon 52 to 62 cents. All dry goods same way, especially in small stores. Seems they are worse than large stores. Grocery and dry goods—cases quoted are not extreme or rare cases but the average. It also not only affects the few items I have mentioned but the whole field.

I do not know what the poorer classes will do unless there is a change at once.

CLAUDE, I am only passing this on to you for information. For me high prices are fine, for I sell 10 times or more than I buy. But what about the average citizen?

I am not trying to influence you in any way, but think you should know what is happening back home.

Mr. President, the writer of that letter is a man who does not suffer personally. He is well-to-do and sells 10 times more than he buys. But already, by last Saturday night, he was saying, in effect, "I will get along all right, but I wonder what the poor people are going to do." Mr. President, he is just an individual witness.

Here is a summary which was issued by the Office of Price Administration on June 11, and the authorities for the figures which I shall read are the Bureau of Labor Statistics, and the New York Journal of Commerce. The Bureau of Labor Statistics advises that:

A general index of 28 basic commodities shows that between May 17, 1943, and June 28, 1946, over 3 years, there was a price rise in a group of 28 basic commodities of only 13.1 percent.

Between June 28 and July 11 the percentage increase was 16.9; in other words,

4 percent more in a few days than in the 3 years when there was price control.

Mr. McMAHON. Mr. President, will the Senator from Florida yield?

Mr. PEPPER. I yield.

Mr. McMAHON. Does the Senator know that it jumped 4.9 points today?

Mr. PEPPER. It is going up by leaps and bounds with every passing day. I thank the Senator for his contribution.

Mr. McMAHON. It went up in the first 11 days, with no price control, about a point and a quarter a day. We started cutting the bill's throat for fair yesterday and it went up 4.9 today. If we had gone home after the veto, instead of being 14.4, or 18, whatever it is, probably up to 18 and a fraction, perhaps it would have been a good deal more than that.

Mr. PEPPER. The Senator is absolutely correct. It must be remembered that there is the restraint over the people who are studying things of the prospect of an extension of OPA after some fashion, as the Senator has pointed out.

There are 12 foodstuffs listed. In the 3 years of price control foodstuffs went up 14.6 percent, but up until July 11, in the 11 days without price control, they went up nearly twice as much, or 26.1 percent. That does not include what has happened since day before yesterday.

Mr. REED. Mr. President, will the Senator from Florida yield?

Mr. PEPPER. I yield.

Mr. REED. Can the Senator from Florida state what part of this increase in the prices of foodstuffs since the 30th of June was due to the discontinuance of the subsidies which up to June 30 aided in keeping the rise in prices down?

Mr. PEPPER. Mr. President, I have not made a calculation on that point, but it is well the Senator asked the question, and I am glad he did, because the committee amendment provides that subsidies shall be continually and gradually diminished from the date of the enactment of the joint resolution, and shall stop altogether on the 1st of April of next year. I had the figures when we were debating the minimum wage, and my understanding was that there were being paid in subsidies about a billion and a half dollars a year to keep the cost of living down about 8 percent. So that if we take away that billion and a half in subsidies, I estimate the cost of living would go up in some such proportion as that.

The joint resolution not only decontrols all the commodities we know about, which I shall mention in a moment, but, in addition to that, it provides, as the Senator from Kansas has indicated, for the steady reduction of subsidies, and on the 1st of April next year for the cessation of subsidies altogether. So that there will inevitably be a price rise due to that cause, in addition to normal causes.

Mr. TUNNELL and Mr. KNOWLAND addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Florida yield, and if so, to whom?

Mr. PEPPER. I yield first to the Senator from Delaware.



Mr. TUNNELL. I was going to ask the Senator in regard to the subsidy which has just been inquired about by the Senator from Kansas, whether he thought there had been any dropping of subsidies since yesterday, between yesterday and today. I understood from the Senator from Connecticut that there had been a rise between yesterday and today of almost 5 percent. It certainly was not because of a change in subsidies between yesterday and today. If prices are going to keep on rising, is it all going to be charged up to a subsidy that was taken off on the 30th of June?

Mr. PEPPER. The Senator is quite right, the subsidies were off just as much the 1st day of July as they are this day. I now yield to the Senator from California.

Mr. KNOWLAND. As a matter of fact, will not the distinguished Senator from Florida admit that the bulk of the subsidies were on livestock and dairy products?

Mr. PEPPER. A considerable portion of the subsidies went to those industries, but the Senator will recall that the subsidies went to the articles which were primarily essential, so that when we take off a subsidy we take off the subsidy from things such as milk, which actually composes the diet of the babies and an essential food ration of the people of the United States.

Mr. KNOWLAND. In making a comparison, I think it would be important for the Senate to know whether the increases the able Senator from Florida was discussing were based on ceiling prices of the OPA prior to the lifting of ceilings and the prices now, or whether the figures being used were the actual black-market prices which a great many housewives and other consumers had to pay.

I call the attention of the able Senator to the fact that it does not do very much good to make a fetish out of price control in the field of meat or in the field of butter, if the housewife went into the store and saw on a sign on the store wall that butter could be had for 61 cents a pound, when as a matter of fact she was not able to buy any butter at all. If she went out in the black market she had to pay \$1.10 to \$1.25 a pound for butter.

Mr. PEPPER. Mr. President, I assume these figures which come from the Bureau of Labor Statistics and the New York Journal of Commerce relate to legitimate prices, namely, the OPA prices. I am also going to say to the Senator that with all that has been said about the black market, and as bad as it was, I still have enough confidence in the people of the United States to believe that the masses still substantially observed the law and went by legitimate prices rather than black market prices. So, I think these figures coming from legitimate sources are entitled to consideration.

Mr. REED. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. REED. The Senator from Florida observed, before the Senator from California interrupted him, that the subsidies were paid quite largely to those things which the Senator from Florida

termed essentials and, of course, that is true. The subsidy program was applicable very largely to meats and dairy products, with perhaps a few other things included. But let me ask the Senator from Florida a question. When we come to consider the effect of the discontinuance of subsidies on the price level, which is bound to rise as the subsidy is withdrawn, it does not make any difference whether an article is essential or nonessential, so far as the price is affected by the subsidy? I think the Senator from Florida will agree with me.

Mr. PEPPER. Of course. While the question of subsidies is under discussion, let me say that I have never believed that the Government should expect the producers of any commodities, at least essential commodities, to produce them at a loss. I have always thought that if we hold prices down in order to stabilize prices for the masses of the people, we should allow enough in the way of a subsidy to give a fair profit to the producer. But the interesting thing is that the principal Members of Congress who kept subsidies down were those who contributed to the detriment of the producer. In other words, they never would allow two things, they never would allow either sufficient subsidy or adequate law enforcement to prevent the black market, so that the Office of Price Administration was constantly struggling with the problem of holding the line on prices and being fair to producers at the same time, and policing the black market. Congress would not effectively let them do either.

Mr. President, we cannot, therefore, escape our responsibility for a great deal of the disorganization and the chaos and the black market which exist today.

Mr. DOWNEY. Mr. President, will the Senator from Florida yield?

Mr. PEPPER. I yield to the Senator from California.

Mr. DOWNEY. With regard to the question of the subsidy as a factor in the increase in the price of meat, I am reminded immediately of another fact. In the past 10 or 12 days the price of corn has been up about 52 percent, the other grains are also up substantially, and the meat we are now buying at an excessive price was produced with the lower-priced grain. I wonder what the Senator thinks will happen to the price of meat when it is produced by grain that may cost certainly 50 or 100 percent more.

Mr. PEPPER. The Senator of course is pointing to something that is absolutely inevitable. In the first place, let us go back a little and try to see the picture in perspective.

We have had an accumulated purchasing power, been built up during the war, which runs up into billions of dollars for the whole population. During the war there was a shortage and scarcity of goods. In addition to that shortage and scarcity, we have had our armed forces all around the world to feed, and our allies to help provide for. Immediately after the war terminated we had dropped into our laps a major share of responsibility for the famine areas of the world.

So, in spite of our bumper crops and our tremendous production in almost every field, which in many cases represented an all-time record, we had something like an all-time demand, and we had a purchasing power the like of which the Nation had never had.

Furthermore, we created a lot of artificial money, as it were. At the end of the war we had in circulation 3 times the amount of currency as at the beginning of the war. We had 3 or 4 times as much in the way of bank deposits, and that meant bank credit bank money. So that the people had more cash by 3 or 4 times, more money in the banks, more bank credit by 3 or 4 times, constituting the savings of the war, represented by cash and Government bonds. They could not buy automobiles and refrigerators and washing machines and the other things they needed to buy. We had that kind of a market. And yet for production we had the demands not only of our home economy, but from a great many parts of the world. Then to talk about that being a normal market, to talk about the normal laws of supply and demand in that kind of a situation is completely illogical. Yet here, with the most dynamic economy on earth, instead of, more than any other country, holding tightly the rein on this dynamic horse we were trying to ride, as England and Canada, countries comparable to us were doing, we began immediately after the war a precipitous release. People said, "Now that we have whipped the enemy, let us get back to the good old doctrine of laissez faire." They were a little bit too eager.

They were a little bit like Midas, and many of them wound up like Midas did, by losing all they had rather than keeping what they possessed. But we started on a mistaken policy of decontrolling too soon after the war was over and it was the Government's fault for yielding to the demand of short-sighted and selfish people. I am not criticising the motive of the Government. The Government, and especially the President, were trying to accommodate the Government's policy to the demands of the people. That shows that sometimes, just as in the case of a good doctor, we have to do what is best for the patient instead of what the patient always wants done for him. If the Government had been an honest doctor for the people it would have stood adamant and said, "No. We cannot afford to release these controls until conditions become more stable. If we do, it will ruin us all, Government and citizens alike. A depression here will contribute to another depression in the world, as did our last depression contribute to a world-wide economic catastrophe."

But, Mr. President, we did not do that. We started to decontrol very rapidly, and then we tried to back up and reverse ourselves. That is just the trouble one always has when one tries to stop and start in the other direction. So it took a long time to try to regain the ground we lost in the first precipitous effort to decontrol the economy immediately after the war. Ever since that time Congress has been plagued, the Government has been plagued, we have all been hounded

day and night to take off controls on everything that anyone was interested in who wanted to make more money.

To hear some people talk about it one would think they were suffering more than the boys who were in the far-off battlefields of the earth. To hear such people talk one would not think that the boys without faces in Walter Reed Hospital were the ones who were suffering from the war. One would think it was the individuals who were selling something or making something from the war who were the real victims of the war's hardships. What we should have told them was, "Of course, there are some hardships incident to the war." There are many of the boys who did not come back from the war. There were boys who came back almost dead; there were many boys who lost their faces, their arms, their legs, and some whose minds will never return to them again. Many will have to pay the price for war, but we are trying to give the producers of the country a soft postwar conversion period.

Mr. President, in doing that we have of necessity thrown the burden from them to the masses of the people. I think I can demonstrate to the satisfaction of anyone that that is the inevitable result of the profit-for-everybody measure which is now pending before the Senate.

Before I get away from it, I want to give the Journal of Commerce daily index figure on 30 sensitive commodity prices. In the 3 years since price control from May 17, 1943, to June 28, 1946, the percentage increase was 15.8, but between June 28, 1946, and July 10, after price controls went off, the prices rose 14.3 percent, and between June 28, 1946, and July 11 the percentage increase was 15.3 percent. No doubt the comment of the able Senator from Connecticut [Mr. McMAHON] would be applicable, that since the 11th of July prices have already risen several percent more. As the Miami Daily News says in an editorial on July 11, "We have seen nothing yet," in connection with all these price rises. We are just beginning to see the first impulse of the situation that I tried to describe a little while ago.

Mr. President, what have we done to the committee amendment that is now before the Senate? In the first place, we have decontrolled meat, poultry, eggs, fish, fats and oils, dairy products, and grain.

We did not decontrol the byproducts of grain, but everyone knows that flour is a product of grain, and that if the price of grain is increased the price of flour will likewise increase, and as the Bible says, even a "wayfaring man" knows that if we increase the price of flour we add to the cost of bread. So what have we done? We have increased the price of bread, we have increased the price of meat, we have increased the price of all dairy products, increased the price of poultry and all poultry products, and those items constitute a considerable part of the diet of the American family.

I have here some estimates which were sent over to me today at my request from the Office of Price Administration. Here are some of the estimates they

made about what would be the effect of decontrols we have already effected.

Cereals and bakery products, 15 percent rise. That will add about \$300,000,000 a year to the consumers, they estimate.

The red-meat decontrol will add about 40 percent, or about \$2,500,000,000 to the budgets of the people of this land. The other day the able Senator from Idaho read into the RECORD an Associated Press dispatch from the Washington Evening Star. It said that the price of meat in Chicago was the highest in 81 years—\$23 a hundred. The Associated Press dispatch estimated that the price would rise to \$30 a hundred, because the writer saw nothing that would prevent it going up to that figure.

Poultry it is estimated will increase 17 percent, or add \$200,000,000, to the bill of the housewives of the country.

It is estimated that eggs will go up 5 percent, and add \$100,000,000 to the consuming public.

Fish will go up 25 percent, adding another \$100,000,000 to the consuming public.

Fats and oils will go up 30 percent, adding another \$300,000,000.

Dairy products will go up 24 percent. Incidentally one can find in almost every newspaper from one's own State that the price of dairy products is being raised by the dairy industry. A rise of 24 percent in the cost of dairy products will add \$1,200,000,000 to the consuming public.

There again I may say that I know that in many parts of the South the dairy industry should have had a larger subsidy than it had. It was not fair to throw many dairymen out of business as was done. But the fault was not with price control. The fault was that Congress would not allow a sufficient subsidy to give the dairymen a decent return and to keep prices down for the consuming public.

Mr. President, OPA sent me these figures before grains were decontrolled. The total was an average increase of 18 percent, and the total increase to the consuming public over the next year, \$4,700,000,000.

Mr. President, that means that we have added \$4,700,000,000, to the bills of the public, and I will take the OPA estimates as quickly as I will take the estimates of anyone. I am not one of those who think that everyone connected with the OPA is a crook and a thief and a scoundrel. The character of the men in the OPA, I dare say, would rank well with the character of Members of Congress elected by the people of this great land. Therefore, I have no hesitancy to quote these figures and the source from which they come. I say therefore that what we have been doing in the last few days is taking from somebody and giving to someone else.

The question I want to ask is, Has that been in the public interest, this robbing Peter to pay Paul? I tell you, Mr. President, Paul is a great deal better off than Peter in this case. I shall be able to show in a little while how the producers and processors and manufacturers have been coming out, and then how the masses of the people of the country fare in our economy.

We have also decontrolled petroleum, and OPA estimates the price of petroleum will go up 15 percent. That will add another \$750,000,000 to the bills of the people. The \$4,700,000,000 I have just mentioned related simply to food. That did not include grains, which we decontrolled the latter part of the afternoon. Incidentally, I was sending out my mail this afternoon, and I came to a confirmatory telegram to a gentleman in my State, saying "Reed amendment was defeated yesterday." I just wrote down at the bottom, "But passed today." It is a good thing that we stopped when we did, or even the enacting clause of the measure, no doubt, would hardly be recognizable.

Mr. President, we have done something else. We have eliminated what is called the maximum average price regulation, about which we have heard a great deal of protest. What was the maximum average price regulation? It was simply a requirement by the Government that a manufacturing concern, for example, which in peacetime had been manufacturing a line of goods, cheap goods, middle-class goods and higher-class goods, could not stop making the middle-class goods and the cheap-class goods, simply to profit from the making of expensive goods.

The manufacturing concern had to preserve a pattern something like the base pattern that they followed in peacetime in a normal period. So that the people who have to buy cheap clothes would have some clothes within their reach. That has been eliminated, Mr. President. Now a manufacturing concern can quit making all the cheap clothes and all the middle-price clothes and make nothing but the higher-priced clothes, because in the markets of today there will be a sufficient number of rich and well-to-do to buy the high-priced clothes. The whole theory of this decontrol plan is "The devil take the hindmost," and that, of course, includes the poor.

Furthermore, we have upset a regulation which the OPA has had in effect for some time in respect to such articles as automobiles, washing machines, refrigerators, radios, and that class of goods. Under the present regulation dealers have been required to diminish their peacetime margins. Suppose an automobile dealer made, we will say, \$300 on a Chrysler automobile in peacetime. He has been required to cut back a part of that normal peacetime profit, and reduce it to \$200, for example. He complains about that. He says, "That is too little. I cannot operate my garage."

But he is told, "In a little while you will have the largest sale of automobiles you have ever had. In a little while you will make up for the smaller margin in the total sales you will have." The obvious reason for the imposition of that requirement was to try to keep the prices of commodities down for the consuming public.

Some will say, "Let only the rich people buy automobiles." All of us who have been in many foreign countries know that that is the situation over there. If one goes to the great capitals in foreign countries, he finds that no one but



a rich person ever considers owning an automobile. But this is America. A man can make a living with a low-priced car. We have adjusted our whole standard of living to the automobile. A man may live at the edge of town and go to work in his car. The automobile is not a luxury for the rich in America. It is almost a necessity for everyone. Consequently more automobiles are owned by the people of the United States than are owned by the people of all the rest of the world. Yet some are disposed to let only the rich people of this country buy automobiles for the next few years. The prices of automobiles, refrigerators, washing machines, and radios have been increased by the elimination of the provision of which I spoke a moment ago.

I have already mentioned the fact that we have decontrolled tobacco and woodpulp.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. CAPEHART. I agree wholeheartedly with what the Senator has just said about foreign countries, in respect to poor people being unable to buy automobiles. But I am wondering if it is not a fact that in our country the poor people have been able to buy automobiles, not under OPA, but when we did not have an OPA. The only time in the history of the Nation when they have been unable to buy automobiles has been during the time when we had an OPA.

Mr. PEPPER. Yes. That was due to the fact that the automobile companies were making tanks, airplanes, and other things with which our men were winning the war.

Mr. CAPEHART. Why does the Senator say that there are those in this country who would like to see only the rich buy automobiles during the next 2 or 3 years? The Senator has said that the reason the people cannot buy automobiles today is that the manufacturers are unable to manufacture them.

Mr. PEPPER. I am not aware of having said that.

Mr. CAPEHART. Why does the Senator accuse anyone of not wanting the poor to buy automobiles?

Mr. PEPPER. I am not accusing anyone of that. I am saying that every time we raise the cost of an automobile we narrow the class of people who can buy one. The amendment of which I spoke a moment ago would add considerably to the cost of automobiles.

Mr. CAPEHART. The fact is that we have developed in this Nation, under a free competitive system, the highest standard of living in the world, under which the poor people, as the Senator so ably stated, are able to buy automobiles, refrigerators, radios, and other things. The poor man in this country is a king in comparison with people of many foreign countries. All many of us are trying to do is to return this country to the free enterprise system, under which the poor man can be a king, and can buy washing machines, radios, refrigerators, and automobiles. That is all in the world we are trying to do. Yet we are forced to sit here tonight and listen to a great mass of figures which mean absolutely nothing. The facts speak for

themselves. All one has to do is to take a look at the standard of living of the people of this country and travel the world over, as the Senator has done and as I have done, and compare it with the standard of living of other people. There is absolutely no comparison. Let us get back as soon as we can to the system which gave us the highest standard of living in the history of the world.

Mr. MYERS. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. MYERS. Mr. President, it seems to me that in due time we should each buy a little American flag, and every time the words "free enterprise system" are mentioned, we should all rise and wave that little American flag.

Let me say to the Senator from Indiana, with respect to automobiles, that whenever any one of us buys an automobile today and there is a trade-in of an old car, the dealer makes a real profit. There has been a reduction in his discount or mark-up, because OPA took into consideration the fact that automobile dealers are making more money from used cars than they ever made before. The Senator knows that to be so.

I can remember the time when 500 or 600 automobile dealers from all over America held a meeting in the caucus room in the House Office Building. I went to the meeting. When I returned to Philadelphia, afterward, I met some of the dealers who were present at that meeting. They said, "We were kidding. We are doing very well today; but we are worried for fear that perhaps 2 years from now the automobile manufacturers will not give us back the same mark-ups."

So this talk of free enterprise and the competitive system is becoming rather amusing. Everyone believes in them and is for them. And I am endeavoring to preserve them but I doubt if the proponents of these decontrol amendments know what they are doing. Let me congratulate the Senator from Florida. He is the first Member of this body, I believe, to offer an amendment which would really help the consumer. Every other amendment that has been offered to the committee measure has been an amendment to give the manufacturer, the retailer, or the wholesaler, a greater profit. But only the Senator from Florida, as I recall, has offered an amendment which would give the American consumer a real break.

Mr. PEPPER. I thank the able Senator from Pennsylvania. It must be remembered that he is one of the authors of this amendment.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. CAPEHART. I agree with the Senator from Pennsylvania that what we should do is to get down on our knees and thank the Almighty that we have had a free enterprise system in America for the past 165 years. It has been that system that has made us the greatest Nation in the world. It was that system which enabled us to produce the materials of war with which we won the last Great World War as well as World War I.

I, for one, would like to see every school in America opened each morning

by thanking God that we have the system under which we live, and that we do not have the system which the countries of Europe and other countries have. I think it is a splendid idea. I know of nothing of which I am more proud than I am of our American system. The Senator from Pennsylvania may be tired of listening to talk about the free enterprise system; but I rather suspect that our allies are grateful for the system which we have in this Nation, under which the materials of war which stopped the Nazis were produced.

Mr. PEPPER. A President of France who was a very great man is supposed to have said upon one occasion that war was far too important a subject to be left entirely to the generals. Let me say that the private-enterprise system in this country is far too important a subject to be left in the hands of those who think they represent private enterprise, because they would be the first ones to destroy it. The short-sighted advocacy of free enterprise by many persons would doom it to inevitable destruction. The best proof of that statement is the situation which we now face. I claim that those who are trying to hold this country together, who are trying to keep it from exploding from within because of internal pressures, are the best friends private enterprise has in America, just as I claim that Franklin D. Roosevelt was the best friend private enterprise had in America, while he was being condemned by some of the very ones who came to him as crouching supplicants, and after they became strong enough threw their crutches at him.

If we remove the controls from our economy private enterprise will be ruined and this Nation will be condemned, of necessity, to totalitarian control. The last depression brought the stringent requirements of the early days of the New Deal. If we go through another depression, it will be many times worse than the last one. If we have another inflation such as we had in 1929, the New Deal will seem very mild compared with the administration which will follow. It will show us something about the totalitarian economy, which will be a necessity to keep the Nation from going into utter dissolution, as we threatened to do the last time at the depth of the former depression.

If the proponents of this measure succeed in placing it upon the statute books they will be condemning America and their fellow citizens to another depression, another 1929—and this time it is around the corner. In addition, just a little further along the unhappy way will be another 1932.

From the most reliable estimates which I have been able to obtain, I learn that the last depression cost this country \$350,000,000,000—more money than all the wars in our history have cost us. We talk about lost man-days from strikes. How many man-years of production were lost in America by 40,000,000 or 50,000,000 people at one time or another? That gives us an idea of how much we suffered from the last depression.

Mr. TAYLOR. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. TAYLOR. Was the loss of those man-days during the depression in any way caused by the workers of America?

Mr. PEPPER. Distinctly not. They have always been the victims of cruel, heartless, economic forces from which their Government alone can save them if they are to be saved at all. What we are trying to do here today is to save millions of Americans from being crushed between the upper and nether millstones of the conditions which we see rushing toward us, and only by such effective controls can we hope to accomplish that.

Mr. President, I was speaking about some of the things the pending measure will do. One of the things it will do, for example, is to put rent control back into the hands of the several States. I think everyone agrees that rent control should be continued. I do not believe I have heard one Senator on this floor indicate that he does not favor rent control. I think even the able Senator from Wyoming [Mr. ROBERTSON] offered an amendment just a little while ago proposing to do away with all other controls save rent controls. I have heard other Senators who did not favor any other controls say that we must have rent control. Yet what have we done in this committee amendment? We have said that if and when a State certifies to the OPA that it has a State law or that it has taken over the subject in the State, the Federal Government can no longer function in the field of rent control. But we have made that provision without laying down any standards, without waiting to see how effective the State rent control may be, without waiting to see whether the State administration is really disposed to enforce it or not.

Mr. President, I believe in local self-government in all proper cases. But I remember that the Constitution of this country provides that all persons born or naturalized in the United States are citizens of the United States and of the several States in which they reside. There is a dual sovereignty in this country, composed of the Federal Government and the State governments. If we let a State, for example, take over rent control, how do we know whether it will not do what the able Senator from New Jersey proposed in his amendment, namely, raise rents 5 percent every 90 days? That would mean that the cost of living would be increased for every family that lives in a rented home. That would mean that just that many more people would have the burden of an increased cost of living thrust upon their already burdened backs.

Mr. President, in addition to that, I have already mentioned the fact that under the committee amendment, subsidies are to be taken off altogether the 1st of next April; and by the direction of the amendment, subsidies must be steadily diminished between now and April. In this amendment we have provided for increased compensation for hotels, especially residential hotels, if not transient hotels as well.

Moreover, Mr. President, we have practically assured everyone in our economy who produces and processes and manufactures increased profits over

what he enjoyed in the past. That is done, according to some, in the name of increased production. They say that is the only way to obtain greater production.

I have before me some figures from the Federal Reserve Board. They give a comparison between the 1939 index of production, which was before the war started in Europe, really, and the average index of production from January to May 1946, and then the percentage of increase in production from January to May 1946, as compared with the period in 1939. Here is what we find. For all industries, the average 1939 index of production is 109. The average index for January to May 1946, is 161, or a 48 percent increase. Yet we are told that it is impossible to obtain sufficient production, although we have obtained 48 percent—almost 50 percent—greater production in the first part of this year, under the OPA, than we had with the free economy of 1939.

In the manufacturing industries the index in 1939 was 109. From January to May 1946 it is 167. The percentage of increase is 53 percent.

For the durable-goods manufacturing industries the index was 109 in 1939. It was 171 in the first part of 1946, or an increase of 57 percent.

In the non-durable-goods manufacturing industries the index was 109 in 1939 and 163 in the early part of 1946, or a 50-percent increase.

In the mineral industries the index was 106 in 1939. It went up to 128 in the period January to May 1946, or an increase of 21 percent.

Let me make another comparison. In 1919, right after World War I, there was a 17-percent increase in industrial production as a whole. I believe the increase in 1946, has been, on an average, 48 percent. Nineteen hundred and forty-six is the first year after World War II. In other words, after World War I, we had no controls, and in the first year after that war our index of production increased 17 percent. But after World War II, with the OPA, our production increased up to 48 percent. Does that prove that the OPA has stifled production as compared to what it would have been in a free economy? In most newspapers, Mr. President, we see large advertisements by big companies which are trying to give the impression that they are not going to increase prices, because they know that if the process once starts, one increase in prices will be the lever for another, and there will be no stopping the process.

What about agricultural production, Mr. President? From 1914 to 1919, let us say, there was a decrease of 8 percent in production. That is to say, there was 8 percent less production in 1919 than there was in 1914, insofar as crops raised in the United States were concerned. But by 1946, agricultural production had reached a 20-percent increase over what it was in 1939. In the case of grains, in 1919 the increase over 1914 was 9 percent. In 1945 the increase over 1939 was 53 percent, and so on. So, Mr. President, the argument that we have not been obtaining production either in the factories or on the

farms, with the OPA in existence, does not hold water.

Let me give one other figure. This was commented upon in an editorial published the other day in the Washington Post. In April 1946, the number of people employed in the United States was 56,900,000. In 1939 we had only 54,230,000 employed persons. In April of 1946 we had only 2,350,000 unemployed, whereas in 1939 we had 7,300,000 unemployed persons in the United States. How can we have very much reduction in production in America when we now have the largest number of employed persons this country has ever known, except for the peak days of the war, and when the number of unemployed persons has been constantly decreasing?

Mr. President, so much for production upon the farms and in the factories. So much for the labor force of the Nation.

Now I wish to say something about some persons who are not being provided for in this committee amendment. I wish to talk about the Peters whom we are robbing to pay the Pauls whom we are accommodating by this measure. I wish to tell my colleagues who some of them are, and let them decide whether they are willing to take more from these people in order to give more to the people who will profit by this measure. Naturally, Mr. President, I begin by referring to the veterans.

On May 31, 1946, there were in the United States 2,046,032 veterans receiving veterans' assistance. They were veterans from all our wars. In addition to those 2,046,032, there were 22,990 emergency officers of World War I who were receiving Government payments, the total number being 2,069,022.

Mr. President, those are the men and perhaps some women who have fought our wars and now are drawing pensions from the United States Government. The average annual rate of all compensation payments to our soldiers of all our wars who are receiving pensions was, for the fiscal year 1945, \$546.35. The average monthly rate was \$45.53. Think of that, Mr. President. The average soldier who served his country in our various wars and who now is living and receiving a pension received \$45.53 a month, and in the case of many of them that is all they have—that little pension check which comes in every month to them. We are going to add 5 percent, 10 percent, 15 percent, 20 percent—we know not how much—to the cost of living of those pensioners of the United States Government who fought our wars in our long past and are now alive.

Mr. President, from World War I, from service-connected disabilities, the men who bear the wounds of war are receiving \$44.59 a month. That is the average pension. The average pension paid to men who suffer from non-service-connected disabilities is \$38.07. If we adopt the committee amendment, Mr. President, we shall be taking money from the wounded war veterans of America, because adding to the cost of living is the same as cutting down their monthly checks. By adopting the committee amendment we shall be taking money



from the wounded veterans who sacrificed for the Government and people of the United States and placing it into the already swollen-from-profits pocket-books of the vast number of producers and processors and manufacturers. I cannot believe that, upon serious reflection, the Senate, which wishes to do the right thing, will allow that to happen. The First World War wounded veterans who suffer from non-service-connected disabilities have been receiving an average pension or compensation payment of \$38.07.

Mr. HUFFMAN. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. HUFFMAN. Is it not also a fact that the veterans are in the greatest need of housing of any group of persons throughout the Nation?

Mr. PEPPER. Of course.

Mr. HUFFMAN. Will not the pending joint resolution, as amended, increase immensely the cost of living?

Mr. PEPPER. Of necessity it will, because lumber, for example, is one of the articles which has been decontrolled. Not only that, Mr. President, but the veterans—

Mr. TAFT. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. TAFT. Under what amendment is lumber decontrolled?

Mr. PEPPER. What was the effect of the amendment which was offered by the Senator from Arkansas [Mr. McClellan]? I know that it had to do with lumber, but I thought that it was specifically for the purpose of giving to the lumber people more money.

Mr. TAFT. No; I think the Senator will find that the amendment does not affect lumber in that way.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. PEPPER. I see the Senator from Oregon on his feet and he is a lumber expert. I am glad to yield to him.

Mr. MORSE. No, Mr. President, I am not a lumber expert, but in view of the fact several times today I have heard it said in the cloak room that the lumber amendment of the Senator from Arkansas was a decontrol amendment, I think it would be well to make it clear that the amendment was not one to decontrol lumber.

The amendment sought only to credit the lumber operator with the true market value of his timber, particularly stumpage. At the present time an owner of timber has his production costs figured on the basis of the book value of the stumpage. If he bought his timber 20 years ago at \$1, and the going market price today is \$3.50 per thousand, OPA allows him only \$1 for stumpage in calculating his production costs. It was pointed out last night that such a situation in figuring production costs is clearly not fair to the lumber owner. For example if the man across the road is receiving \$3.50 on the basis of the present market value because he bought his stumpage which he manufactures into lumber at present market values, the man who bought his stumpage 20 years ago for \$1, should receive credit of \$3.50 for his stumpage when OPA comes

to figure his production costs. If the OPA goes back into existence, the pricing policies of OPA will still be applicable to lumber just as they existed before the President vetoed and rightly so the bill recently passed by Congress. The only change will be that provided by the McClellan amendment relative to allowing present market values in computing lumber-production costs.

Mr. PEPPER. Mr. President, I believe that I was inaccurate in saying that the amendment decontrolled the price of lumber. But does not the Senator believe that the inevitable effect of the amendment will be to increase the price of lumber because of taking into account a different stumpage basis?

Mr. MORSE. I believe there will be an increase in the price of lumber and other commodities, because the effect of the pending bill in its present form will be to increase the cost of production all along the line. There will be an escalator effect, and before the Senator completes his speech, I want to ask him a few questions with regard to some of the effects of the joint resolution. However, I quite agree that if the pending joint resolution is signed by the President of the United States we will again be doing what would have resulted through the bill which the President vetoed, namely, increasing the cost of living for 140,000,000 American people. I believe that we are already beginning to pave the way for a boom and bust period with all the cruelties that are bound to result from another depression.

Mr. PEPPER. I thank the able Senator very much for his observation.

Mr. President, I wonder if Senators know how many GI's are in schools and colleges under the GI bill of rights? The figures which I have received from the Veterans' Administration show that in May there were 925,926 in schools and colleges. Nearly a million men and women who served this country in war are now trying to go to school. Some of them have been out of school for 3, 4, and 5 years. How much money are they receiving, Mr. President? Single men are receiving \$65 a month, and married men are receiving \$90 a month. I believe that each one of us would like to see as many of those boys marry as can do so. Yet, \$90 a month is what a GI's is expected to live on if married. Just think of it, Mr. President, \$90 a month. What are we doing to that \$90 a month? We are adding to the cost of the living of those men and women. We might just as well reach down into their pockets and take out so many dollars each month from the \$90 which they are now receiving.

Every Senator knows that the facts are exactly as I am stating them. Yet, Mr. President, do any of those earnest advocates of more profits for the producer, more profits for the processor, and more profits for the manufacturer offer any amendment to increase the figure of \$65 a month to some larger figure? We would put more money into the pockets of the big farmers, the big manufacturers, the big wholesalers, and the big retailers, but would take money from the GI's who are trying to go to school.

I know of case after case of boys who have said it was almost impossible for them to go to school on what they are now receiving. Why should Senators want to add to the present burdens of those GI's by decontrolling the articles which they must buy and thereby increase the prices which they must pay. Do Senators really want to treat soldiers in that manner?

Here the GI's stand on one side with their \$65 and \$90 a month. There is a boy, for example, who fought at Guadalcanal. There is another boy who fought in other parts of the world. Each of them contributed his share toward the victory which our country won. Over here stand the fellows who will get their profits. If all of them stood before us and we could see them, would Senators want to take from the soldiers and give to the others?

O Mr. President, I know there is some hardship here and there, but in public affairs we must balance hardship against hardship. When we are shedding crocodile tears for the manufacturers, for the processors, and for the producers, it is strange to me that so many of us tend to forget the millions who are not exerting any pressure upon us, but are waiting and trusting the American Congress to deal with them justly and fairly.

Mr. DOWNEY. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. DOWNEY. I wish to say that I vigorously applaud the eloquence of the Senator in portraying the conditions of our veterans who are attempting to go to school on \$65 a month, and the effect which increases in the cost of living will have upon the small incomes which the GI's are receiving under the GI bill of rights. But I should like to hear the eloquent Senator tell us something about the conditions of pensioners and retired workers throughout the country, who, under old-age insurance, are receiving an average of \$24 a month, and under old-age assistance are receiving an average of approximately \$26 a month. I wonder what Senators, who contemplate happily an increase in the cost of living of 25 or 50 percent, think will happen to the persons now living on those meager incomes.

Mr. PEPPER. Mr. President, I thank the able Senator. He is chairman of the Civil Service Committee, and knows whereof he speaks.

Mr. KILGORE. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. KILGORE. I have been very much impressed by what the Senator from California said, because I know of States in which the pensioners and retired workers receive as little as \$16 a month.

Mr. President, I wish to make clear the fact that we are not taking anything away from the manufacturers and the processors, except more profits. On the other hand, from the soldier group and the pensioner group we are taking food. We are not taking profit, but we are taking food which would otherwise go into their bellies. That is one fact to which the Congress must wake up. We are not taking something from anyone except

anticipated profits. When we fail to hold the price scale we are taking the means of living away from millions of people.

Mr. PEPPER. I thank the Senator from West Virginia.

Mr. LANGER. Mr. President, the Senator from Florida has complained because of the fact the GI's receive only \$65 a month while being enrolled in colleges. He has stated that no bill has been introduced to increase their compensation. I therefore, introduce a bill to increase the subsistence allowance for veterans to \$100 a month, who do not have dependents, to those who have dependents, \$125 a month.

Mr. PEPPER. I thank the Senator.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 2434) to increase the subsistence allowances for veterans receiving educational benefits under the Servicemen's Readjustment Act of 1944, as amended, was read twice by its title and referred to the Committee on Finance.

Mr. PEPPER. Mr. President, I know that the Senator, because of the way he feels, will vigorously support our amendment when the Senate votes upon it.

The able Senator from California referred to persons who were receiving public assistance. My figures are slightly higher than those given by the able Senator from California. They may be somewhat excessive, but I have tried to err on the side of conservatism. According to the information which I have received from the Social Security Board, 2,099,000 persons in the United States are receiving old-age assistance. The average monthly payment received by those people is \$31.39. What Senator does not know of some old man, some old woman, trembling, tottering toward the grave, waiting every month until that little pension check comes, to be able to pay the meager expenses for their pitiful livelihood? That is all they are getting, \$31.39, and that is an outside figure. Yet we are going to take a part of it away and give it to the beneficiaries of the pending measure.

Mr. DOWNEY. Mr. President—

The PRESIDING OFFICER (Mr. HUFFMAN in the chair). Does the Senator from Florida yield to the Senator from California?

Mr. PEPPER. I yield.

Mr. DOWNEY. What are the figures the Senator was just giving?

Mr. PEPPER. The figure I had was the average monthly amount received, \$31.39, by the 2,099,000 receiving old age assistance.

Mr. DOWNEY. Mr. President, the Senator's figures are very wrong. The average benefit under old age insurance—

Mr. PEPPER. I am coming to that. I am distinguishing them.

Mr. DOWNEY. That figure is \$23.50. 50 percent of that amount is added if a man has a wife, and the average is \$36. In old age assistance it is about \$27 or \$28 to the single person, and double in case they are married. I have no idea of the way the Social Security worked out the figures the Senator has just given.

Mr. PEPPER. At least the able Senator will agree that I was on the high side and not the low side.

Mr. DOWNEY. I think the figures are very much too high.

Mr. PEPPER. The recipients of pensions for the blind, 73,000 in the country, average monthly \$33.95. Yet we are going to add to their cost of living. Is there any Senator who, if he had a blind man or blind woman on one side, and the processors and producers and manufacturers on the other, would take 1 penny out of the cup of the blind person? Yet that is what we are doing of necessity if we pass the pending joint resolution and add to the cost of living.

The total number of children who receive pensions is 726,700. The number of families with children drawing pensions is 307,000, and they get \$53.65 a month.

The recipients of general public assistance number 283,000, and the average amount is \$33.26 a month.

The Senator from California has mentioned old-age insurance benefits. We all know that that means a benefit which a retired worker gets if he retires at the age of 65, I believe it is, or that his widow and/or children get if he is a worker and he dies. Remember, he has been paying into the fund, generally, for a period of time, and perhaps for a large part of his life.

There are 617,600 primary beneficiaries under the system, and the average payment for each is \$23.50 a month. That relates to a worker without dependents. The total number of wives getting benefits is 188,700, averaging per month \$38.50 for worker and wife.

The total number of children getting benefits is 15,200, and they receive \$40, in the case of a worker and one or more children, no wife.

The total number of children getting survivors' benefit is 411,100, the average monthly receipts are \$22.90.

The total number of parents—that is, old, dependent parents who are living on what they get from a deceased son, for example, who was covered by the insurance system—is 6,600, and they receive \$14.10 a month.

Mr. President, there are many faithful Government workers who have done their duty by their Government and are retired. I have the figure of 98,000 as of May 1946, and they were receiving \$81.30 a month.

In the railroad retirement beneficiary group, receiving pensions for old age, there are 179,800. That means railroad men who have reached the age of retirement, most of whom are living on their pensions. They receive \$68.67 a month. We give more to General Motors, to Chrysler, to Ford, we give more to the big wholesaler and retailer, we give more to the big producers and the big processors, but we are not going to do anything for the retired railroad worker who gets \$68.67 a month, or his survivors, who gets \$33.86 a month, or his

Mr. President, I have some figures which give summaries of what the income levels of the people are. In 1944, according to the figures of the United States Treasury, 67,300,000 were the recipients of incomes, out of 140,000,000.

Do Senators realize how many of those make an annual income, according to the United States Treasury, of less than \$1,000? Twenty-one million six hundred thousand out of sixty-seven million, nearly one-third of all the people who were the recipients of income in rich America in 1944, made less than \$1,000 a year.

Twenty-four million four hundred thousand made less than \$2,000 a year; that is, less than \$40 a week. Think of that, 24,400,000 people making less than \$40 a week, or, stated another way, about two-thirds of all the people who were the recipients of income received on an average less than \$2,000 a year, or less than \$40 a week. Yet those are the people who are going to have to bear the greater part of the burden of this benefit that we are conferring upon the processors, the producers and the manufacturers, the distributors, and dealers of this country.

I shall not proceed further, except to say that 12,200,000 of our people were making less than \$3,000 a year; 6,700,000 were making from \$3,000 to \$5,000 a year; 1,800,000 were making from \$5,000 to \$10,000 a year. Only 500,000 were making between \$10,000 and \$25,000 a year. Only 100,000 of all our people were making \$25,000 or more a year.

Yet I venture to say that the majority of the profits accruing from this joint resolution, coming out of the pockets of the masses, will go into the pockets of people receiving the highest incomes under the scale of income to which I have referred. Mr. President, that is what the effect of the measure will be. We are taking the money from the masses of the people and giving it to the few who need it least.

Now these are the last figures I wish to give. It is said we have to do something for the producers, the manufacturers, and the processors, but I have some figures as to that. There were 200 durable goods manufacturers who in the first quarter of 1946 had a deficit of \$26,000,000. Now I wonder if Senators are thinking about the effect of the carry-forward carry-back tax law. If those people lose, they can draw back from the United States Treasury, from the excess-profits taxes they paid in during the war. So, before we shed too many tears for the 200 corporations which have had a little loss in the first part of this year due to the interruption to production, a good bit of which was their own fault, because they were trying to break the labor unions, we should look at the carry-forward carry-back tax law and see how much money they will draw back for their loss from the United States Treasury from the excess-profits taxes they paid during the war.

Now, Mr. President, 100 nondurable goods manufacturers had a profit of \$192,000,000 after taxes. In other words, they had an increase of 23 percent in the first quarter of 1945 over the previous quarter, and there were 25 miscellaneous services which had a profit after taxes of \$40,000,000. They had an 80-percent increase.

The net of it is, therefore, that 325 companies had profits after taxes of \$208,000,000.



Of the 25 miscellaneous service groups, 13 trade corporations earned \$29,000,000 before taxes, \$24,000,000 after taxes, or 61 percent and 166 percent, respectively, above the 1945 level.

The increase in the profit, after taxes, for the nondurable manufacturing group, and for the miscellaneous distributors' services, is due in large part to the lowering of taxes.

The decline in profits for the durable goods industry was occasioned by the decline in production because of strikes.

Mr. President, I come now to the conclusion of my remarks.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. PEPPER. I yield to the Senator from Massachusetts.

Mr. WALSH. It seems to me that the difficulty with this whole problem has been the consciousness upon the part of most American people, including business people, that we should strive to achieve prosperity and avoid inflation. That has been their slogan: "Achieve prosperity, but avoid inflation."

Mr. PEPPER. That is correct.

Mr. WALSH. I ask the Senator, Is there any way to avoid inflation except through price control?

Mr. PEPPER. It is utterly impossible except by price control. There is no way to avoid inflation except by keeping in check these forces until we arrive at a period of sustained stability. Someone will say, "Well, will we ever get out of this control?" Mr. Bowles laid down a standard before the Senate Committee on Small Business of having a few months, he said 6 months, relative stability before we take off price control. He said if we could go along for a while and hold prices in check, worry along, as it were, put up with all the hardships and irritations and annoyances of controls, as burdensome as they are to the people of America, to get through this period of reconversion, until things begin to become more and more stable and finally level out for a few months, then he thought that we could safely remove the controls, and the change-over would not be so severe.

Mr. President, instead of doing that, the advocates of decontrol want for all practical purposes to take the lid off. They want to open Pandora's box.

The only control left in the measure, for all practical purposes, is that when the supply and the demand come into something like equilibrium, then the control shall be taken off. In the first place, what is meant by equilibrium between production and demand? If automobiles were sold at \$10,000 apiece, demand would be one thing. But if automobiles were sold at \$100 apiece demand would be another thing. How can one talk about equilibrium and balance without fixing a price standard? Yet, Mr. President, there is not one word in this committee amendment saying that even if equilibrium between supply and demand was reached, the Administrator must not remove control if in his opinion the effect of removing controls would be substantially to increase prices. So, Mr. President, there are relatively no controls in this measure.

The second thing, and the last I wish to say, is that the decontrolling of all food products is taken exclusively out of the hands of the Administrator of OPA and put into the hands of the Secretary of Agriculture. What are the pressures going to be on the Secretary of Agriculture? Every farm group is going to want to make more money. They are going to want to obtain an increase in sales prices. They are going to press the Secretary of Agriculture and he is going to feel that he is not primarily representing the consumer. The tendency will be therefore to yield to that pressure and the food prices, the prices of the essentials of living for the people of the country steadily rise and rise and rise.

Mr. President, there are many people out in the country who are waiting to see what we do here in the Senate. Many people feel that they have suffered hardships. They want correction of the abuses they have suffered. I wish correction of all abuses could be accomplished without detriment to the great mass of the people. But I want to ask the Senate to remember when it votes, that the mute millions who are not saying a word, but just waiting and trusting the United States Senate to do right by all the people of the country, still will not believe until they see it and feel it that we are willing to take money from the poor people of the country to further increase the already swollen profits of the rich. They believe that at least we on this side of the aisle who profess to be the party of the people are going to prove it when we vote.

If the Senate will adopt the amendment we have offered, which will continue price control as it was on the twenty-eighth of June until the first of February, it would allow a decontrol board to decontrol, meanwhile, anything that should be decontrolled, and then by February first there will be a new Congress, the whole House of Representatives will have been elected again, and a third of the United States Senate. We will have spent weeks and perhaps months at home with the people so we will see at first hand something we have not had a chance to see, and that is where the people themselves are.

I believe, Mr. President, that upon reflection it would be better for all concerned, after weighing the good and the bad of OPA as it was when it expired and weighing the good and the bad of the committee amendment, if it should become law, to, as Hamlet said, "bear those ills we have than fly to others that we know not of."

Mr. President, I hope the Senate will adopt the amendment.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. MORSE. First, I want to commend the Senator from Florida for the analysis he has made of this problem tonight in what I think is one of the most extraordinary speeches that have been made during the course of this debate. I particularly want to commend the Senator for the social and human values he has stressed in the course of his remarks. After all, when this debate is over and

the people are faced with the greatly increased cost of living, which I believe will confront them if we take off practically all controls, as in effect we are really doing, I think the people are going to take note of the fact that during the course of the debate there were at least some in the Senate of the United States who did not lose sight of the social and human values involved in this great problem.

A question which I want to ask the Senator from Florida is whether or not he agrees with the junior Senator from Oregon that there is a relation between inflation in the United States and stable international conditions throughout the world. Does he agree that in this new one world in which we now live we cannot have economic instability in this country and hope to develop the necessary world trade that must be developed if we are going to have a stable world?

Mr. PEPPER. Obviously. For example, we have decontrolled grain, and yet a considerable part of our grain has been going abroad to relieve the famine in the world. We have either got to appropriate more money to pay for it ourselves, or if the time ever comes when the people in the famine-ridden countries of the world begin to pay for it, they, of course, can buy less with a given sum of money at the higher prices.

Mr. MORSE. In other words, the Senator agrees with the junior Senator from Oregon that if we raise the level of prices in this country in order to gain for American producers and manufacturers what amounts, I think, and what will prove to amount to be exorbitant profits, it is to be expected that other countries of the world will not be able to purchase very much from us at inflated prices.

Mr. PEPPER. Yes; that is to be expected.

Mr. MORSE. They will have to buy less from us, or else we will have to make gifts to them in order to alleviate their suffering; instead of helping them through the orderly economic processes of sound international trade free of inflationary prices.

Mr. PEPPER. I thank the Senator very much. I do not know whether the Congress is going to authorize a loan to Great Britain or not. Suppose it does. We are simply diminishing the value of the money that we loan to them if we raise prices in America, because we would expect them to spend a major part of the money in this country. We made a loan to France, I believe through the Export-Import Bank, which did not have to come through the Congress. I believe we loaned them approximately \$1,500,000,000. If prices rise in the United States we will either have to let them have more money or we will expect that they cannot buy from us what they ought to have, and that will tend to disorganize the economy of the world.

Mr. MORSE. Another question: Does the Senator agree with me that, as we try to analyze the psychological forces that have produced this great demand upon the Congress to take off controls, part of the reasoning that has been adopted by those who have insisted on

the elimination of OPA has been the argument that after all the great surplus purchasing power existing in this country should be drained away from our people by inflationary prices? They note that the banks are bulging with money; that the pockets of millions of people are filled with money; and that being true, they argue that we ought to give them an opportunity to spend their money, even though they have to pay prices all out of proportion to value received. Does the Senator agree that those who are demanding the abolition of OPA are in many instances motivated by a desire to make inflationary profits?

Mr. PEPPER. Undoubtedly so.

Mr. MORSE. Of course, that has always been pretty much the psychology of the profiteer. If he sees an opportunity to commit an economic rape upon the economy of the country he has the tendency to do it.

Mr. PEPPER. Yes.

Mr. MORSE. But has the Senator heard any proposals on the floor of the Senate for an increase in the tax structure so that we can take a part of the excess purchasing power into the Treasury of the United States and apply it to the payment of the national debt, and thus protect the stability of the American dollar?

Mr. PEPPER. Mr. President, as the records of the Senate show, there have been some sporadic suggestions of that character from individual Senators, but the only official action the Senate has taken so far as I am aware is to reduce the taxes as they were being paid during the war.

Before we get away from that subject, I wish to say a word further. When the Senator spoke about the profiteers wanting to get at the great fat pocketbook of America, I thought he was going to refer to the figures used recently by the Federal Reserve Board that two out of every five American families had total liquid savings of less than \$40 a family. It is said that we have a great deal of money in America, and that if we will only turn things loose so that the people can buy, they will buy the shelves empty and the factories dry. But the Federal Reserve Board says that two out of every five American families have less than \$40 on hand in cash, Government bonds, and every other form of liquid assets. They will not buy much with their \$40. The three out of five will buy more, and the top 1 percent will buy a great deal; but the bottom two out of five will not buy much with their \$40, and with their average income of less than \$40 a week.

Mr. MORSE. Mr. President, will the Senator yield for two more questions?

Mr. PEPPER. I yield.

Mr. MORSE. Does the Senator from Florida believe that if he and I were to introduce a tax bill which would seek to increase, on the basis of ability to pay, the tax income of the Federal Government, we would get many more votes for such a bill than he will get for the substitute which he has offered?

Mr. PEPPER. Patrick Henry once said that the only guide for the future was the lamp of the past; and the lamp of the past in that respect is not casting a very bright gleam toward the future.

Mr. MORSE. I was somewhat facetious about the last question, but I am in dead earnest about this one:

As the cost of living goes up, which I think will be inevitable upon the passage of the pending measure, to a percentage between 20 and 30 percent, in my judgment, does the Senator think it will be very long thereafter before the workers of America will proceed with the next movement in the great inflationary cycle, by instituting a Nation-wide demand for increased wages?

Mr. PEPPER. It follows as the night the day that we shall have industrial strife again if we upset all the wage agreements which have been entered into in the course of the past few months, agreements which were predicated on the cost of living as of the time when the agreements were made. Let me refer to what was brought out in the debate recently, that contracts have now been entered into in all the major industries of the country for another year—in the automobile industry, the coal mines, the railroads, the meat-packing plants, the electrical industry, the oil industry, and others. The major industries have entered into yearly agreements. A little while ago it was stated—and events are proving it every day—that we had practically got through the period of industrial strife. New yearly agreements have been entered into. The maritime situation is relatively settled. It has been stated on the floor of the Senate that if we did not disturb the standard of living of the workers and did not upset those agreements, we could look ahead to a period when production would really begin to flow out of the factories of the country; and just as the flow is about to begin, what do we do in the Congress? Instead of protecting the agreements which management and labor have entered into, we cut the very foundations out from under them, and throw them into the turmoil of necessary modification, unless the American worker is willing to see his children have a poorer diet on their table than they otherwise would have. Most American workers will not take that lying down.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. MORSE. Does the Senator from Florida agree with me that when the Nation-wide wage movement—which I am sure will flow from the type of action which I think the Senate is about to take on the OPA bill—does occur, various propaganda machines will once again accuse labor by attempting to convince the people of the country that labor will have been the cause of the inflation, rather than the Congress, when it took off price controls?

Mr. PEPPER. If we are not careful some of us will be the offenders. If some of the workers talk about striking, we shall say, "The time has come to stop these strikes."

I do not like to state it as a fact, although it is my belief that it is true, that if we had held the line immediately after the war there would have been many fewer strikes than we had during the past 12 months. I very much respect the opinion of the able Senator from Oregon,

because he was a distinguished member of the War Labor Board, and he knows the facts in this field probably better than does any of us.

Mr. MORSE. Mr. President, will the Senator further yield?

Mr. PEPPER. I yield.

Mr. MORSE. I do not always find myself in agreement with the Senator from Florida. I find myself in almost complete agreement with him tonight, although I suppose he will not be in agreement with me on this point. However, his latest remarks lead me to believe that perhaps he has come over to the point of view that one of the greatest mistakes made since VJ-day was the President's wage and price speech in October 1945, because it was very causative from the standpoint of inflation.

Mr. PEPPER. The only way we can save management, labor, and the public is by holding the economy in relative balance and equilibrium until the normal forces can again become vital enough to maintain the system in relative stability and equilibrium. Therefore I hope that the Senate will see fit to adopt this amendment.

Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks statements by a large number of Nation-wide organizations on this subject.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

SEVENTEEN NATIONAL ORGANIZATIONS SUPPORT  
SIMPLE RESOLUTION FOR CONTINUANCE OF  
PRICE CONTROL

Senator PEPPER today introduced a statement on the floor of the Senate subscribed to by the 17 national organizations, which stated:

"The whole economy of our country has been threatened by the reckless slashing of price control. In human terms, the threat is aimed at every housewife and her family; in human terms, the certain inflation will strike most cruelly at the millions of American families who have incomes of less than \$40 a week; at the 7,000,000 persons on fixed pensions, nearly all small; at the children of the low-income families who spend nearly half of their incomes on food. Speaking for more than 40,000,000 persons who are represented by members of labor, veterans, churches, women's and consumers' organizations, we call on Congress to pass the Pepper-Wagner resolution providing for retention of price control unchanged until February 1, 1947, when a new Congress that will reflect the people's wishes and needs will be able to legislate. We endorse the efforts of all the Senators who joined in sponsoring the resolution.

"American Home Economics Association; American Association of University Professors; the National Council of Negro Women; Consumers Union of the United States; American Veterans Committee; Congress of Industrial Organizations; the National Farmers' Union; the Independent Citizens Committee for the Arts, Sciences, and Professions; the League of Women Shoppers; the Southern Conference for Human Welfare; Union for Democratic Action; Methodist Federation of Social Services; United Christian Council for Democracy; the National Congress of Parents and Teachers; the National Congress for Colored Parents and Teachers; the National Women's Trade Union League; the National Association of Jewish Center Workers."

These organizations met with other organizations jointly as part of the Emergency



Committee To Save Price Control, on Wednesday, July 10, 1946. In addition to the organizations which have specifically subscribed to the above statement, the following organizations, through their representatives at the meeting, urged continuance of price control.

American Association of University Women, League of Women Voters, American Federation of Labor, Jewish Welfare Board, National Council of Catholic Women, National Council of Jewish Women, National Association for the Advancement of Colored People, General Federation of Women's Clubs, National Federation of Settlements, National Urban League, National Citizens Political Action Committee, New Council for American Business, National Federation of Telephone Workers' Unions, National Consumers League, National Lawyers Guild.

Because of the shortness of time, these organizations were not able to subscribe officially to the above statement.

Mr. DOWNEY. Mr. President, I shall detain the Senate for only a brief time. I wish to speak in support of the pending amendment.

It is my opinion that the Senate now has its last opportunity to save itself from a tragic mistake, and the country from a great disaster. There are many groups in my State which would have applauded me had I joined in the decontrol amendments of the past few days and secured for them exemption from price control. However, I feel that the interests of the American people transcend those of any particular group. However, I believe that the measure about to be sent to the House is so destructive of our general economy that in the end it will bring disaster even to those who temporarily profit by special exemption.

The distinguished Senator from Oklahoma [Mr. MOORE] read into the Record on Monday many well-meant promises from leading business organizations that they will do all in their power to prevent runaway prices. I understand that similar pledges were made over the air on Wednesday night by leading industrialists, on a radio program sponsored by the National Association of Manufacturers. I applaud these good intentions. I doubt no one's good faith and sincerity; but I call attention to the fact that while these very promises were being made the New York Journal of Commerce price index covering 30 basic commodities climbed two and one-half times as much as it had risen in the previous 3 years.

Since then prices have moved still higher. The index of basic commodities of the Bureau of Labor Statistics for yesterday showed prices up 16.9 percent since price control ended; or 3.8 percent more than the total rise since President Roosevelt issued the hold-the-line order, back in April 1943.

Recently the newspapers have been full of advertisements by retailers promising that they will not move their prices up until they have to pay more for the goods they sell.

The trouble with all these promises, Mr. President, is that the retailers, and even the manufacturers, do not control the situation. When corn prices move up—and they reached an all-time peak yesterday, more than 50 percent above prices when controls went off—the prices

of hogs and fed cattle have to follow them up. When the prices of hogs and fed cattle move up—and cattle reached an all-time peak yesterday—the price of meat has to go up. The packing houses cannot prevent it, whatever their good intentions. And when the wholesale price of meat goes up the butcher shops have to charge more. It all comes out of the public in the end, and no one's good intentions can prevent it from happening.

The idea presented by the distinguished Senator from Oklahoma that business competition will hold prices down if only we will pass the ball to business is proved false by what already has happened to prices. The rise in basic commodity prices already is frightening and we have seen only the beginnings of the coming inflation. Think of it, Mr. President. Within less than 2 weeks the price of flour has gone up more than 42 percent; the price of hides has increased more than 51 percent. The price of corn has gone up 55 percent.

Manufacturers still are selling goods made of price-controlled materials. Wholesalers and retailers still are selling goods bought at controlled prices. There has been almost no movement of several basic commodities—sellers and buyers holding off to see what will happen to OPA. It will be many months before the full force of inflation will spread through the whole of our economy; even longer before price increases are reflected in wage increases and wage increases are again reflected in price increases.

Of one thing, however, we may be absolutely sure. The wind of higher prices already is beginning to blow in gale proportions and clouds are whirling up on the horizon with cyclonic power. No assurances given by businessmen can prevent the hurricane from striking the Nation, since economic forces and not good intentions are involved. The only power that can possibly save us from the tornado is that of the United States Government. Yet the Senate proposes to deny the people the protection the Government can give.

Mr. President, the amendment of the Senator from Florida offers us the last chance to save ourselves from this tragic mistake. I sincerely hope the Senate will avail itself of the opportunity.

The joint resolution in its present form leaves Congress in the indefensible position of pretending to protect the American people from inflation, yet giving them no protection on their purchases of the three foods most important for maintenance of human life: Meat, bread, and milk. If prices of automobiles go too high, people have some protection; they can walk or drive the old car a little longer. Purchases of radios, refrigerators, and washing machines can also be deferred until prices come down to reasonable levels. But in the purchase of bread, milk, and meat the people are at the mercy of the market. So the Senate decided to protect them on their purchases of automobiles, but to decontrol the foods which are essential to life.

Mr. President, I am reminded of the remark of Marie Antoinette, when she

was informed that people were crying for bread. "If they can't get bread," she is reported to have said, "why don't they eat cake?"

The Senate, in effect, is telling the American people that if bread prices run away from their buying power they at least can take a ride in their price-controlled automobiles, if they can afford to buy one.

If that is our program, Mr. President, we had better abandon all price control and turn the full force of the tornado loose upon the American people. Then, at least, they will know they are to have no protection and, if they have any, may run for their cyclone cellars. Then, too, none of us who kill price control will be able to tell voters at the next election that we voted to keep OPA alive. The people have a right, on so important an issue as this, to know just where their representatives stand.

We are told that there will be a flurry of rising prices, following the end of price control. Then production, with which OPA has interfered, will get under way and after that, demand and supply will take care of prices. This raises four very important questions:

First: How long will the flurry of rising prices last?

Second: How high will it carry prices?

Third: Will free market pricing really give us more goods?

Fourth: At what level of production will free market pricing bring demand and supply into balance?

Mr. President, how long price rises will continue, if controls are not renewed, no one can predict with accuracy. We have only this to go by: After World War I, prices increased for a period of 18 months. The sharpest rises came in the thirteenth and fourteenth months after the armistice. The rise in the thirteenth month was 8.9 percent on a 1914 base; that in the fourteenth month, 10.7 percent. That gave a combined rise of almost 20 percent in 2 months. With inflationary pressures far greater now than they were in 1919, it is safe to assume that prices will go on rising for many months, even though the rise in the first week without price control exceeded that of any postwar monthly rise in 1919 or 1920.

It is equally impossible to predict the extent to which prices will rise if controls are not restored. It is safe to estimate, however, that the rise will not be less than the 45 percent which wholesale prices rose after the armistice of World War I. It may be greater, since pressures this time are greater. Even such a rise, however, will put pensioners, workers' groups, and other persons with fixed incomes in a punishing squeeze.

Groups working to end price control have insisted so often and so loudly that price control has seriously hampered production that they appear to have convinced a considerable group of people, even some of our distinguished Members of the Senate. The facts, however, are a complete denial of those claims. Never under free market pricing did we achieve the remarkable production records reached under price control. The fact that during the war we left far in the rear all previous production records, both

for manufactured goods and for agricultural products, may perhaps be explained on the grounds of the universal desire to win the war. There is, however, no such explanation for the fact that this year also, with no war to win, we are far ahead of prewar production.

Farm production in 1945 was approximately 25 percent ahead of 1939 levels, and the Secretary of Agriculture has just announced that agricultural output this year will at least equal that of any previous year.

In industrial production the figures are even more startling. In spite of the fact that in the first half of 1946 we had some of the most paralyzing labor disputes in the Nation's history, industrial output in the first 5 months of the year ran 61 percent ahead of that for the first 5 months of 1939. And preliminary indications are that in June, with the worst strikes behind us, we topped all previous peacetime production records. It impresses me as decidedly absurd to assume, without proof, that the system which in 1939 gave us 61 percent less production than we now enjoy can, if turned loose in our economy, give us more than our present record-breaking output. Frankly, it just does not make sense.

In 1939, 14,700 business concerns failed. It is to be assumed that they had considerable difficulty producing or otherwise serving the public. Competitive pricing seemingly was rather rough on incompetent firms. Now, if any firm cannot produce because it is going bankrupt, OPA is said to be hampering production. Let me tell you, Mr. President, that last year, according to Dun & Bradstreet, only 810 business firms failed, under OPA, in the whole United States. Examination of the record so far this year indicates that failures for the year are not likely to exceed 1,000. That is less than one-fourteenth the number that failed when free market pricing in the last prewar year supposedly helped production.

The recipe of free market pricing to encourage production in a postwar inflationary period is not new. We tried it in 1919. What happened? Industrial production rose to a magnificent peak 17 percent above that for 1914, the last prewar year. With industrial production now 61 percent above output for 1939, the last prewar year of World War II, we are advised to cure our production ills by the recipe which lifted production only 17 percent in 1919. To me, it does not appear to be a likely aid to our present outstanding production record.

The trouble with runaway prices as an aid to production is that they lead inevitably to inventory hoarding and maldistribution of short supplies of materials and parts. Small and moderate sized producers, particularly, find their production hampered. Total output suffers. At any rate, with no controls and runaway prices, production was relatively poor in 1919. With controls and steady prices, it is far better in 1946, this war's first postwar year. We have nothing to learn from 1919, save to avoid its fatal pitfalls.

We have heard a great deal about how price control has kept the American people from getting much-needed meat.

Here are the facts from the official records of the Department of Agriculture. From 1935 to 1939, free-market pricing gave the American people an average of 16,200,000,000 pounds of meat per year. In 1945, under price control, packers gave the American people 22,900,000,000 pounds of meat—a gain of 41 percent. Does that sound as if price control had hampered the production of meat?

The distinguished Senator from Nebraska [Mr. WHERRY], who introduced the amendment to decontrol meat, has told you that we have a record number of cattle in the country. He is right. On an average from 1935-39, under free-market pricing, there were 31,402,000 beef cattle in the country. During the war, under price control, the number grew to 40,931,000—a gain of 30 percent. The Senator told you there are that many cattle. He did not emphasize the fact that the extra nine and one-half million were acquired under price control.

He claimed, however, that under price control the people are denied meat they had a right to expect, considering the great number of cattle. What he failed to tell you is that although the beef cattle population is up 30 percent, beef production for the year, according to the Department of Agriculture, is expected to run 41 percent ahead of prewar levels. In other words, we are showing a greater gain in beef production and consumption than in beef cattle. Last year we slaughtered 289,000 more beef cattle than we produced. That doesn't sound to me like a failure of meat production.

The distinguished Senator complained about so much of our meat going into what he calls the black market. I am sure he did not intend his claims to mislead the Senate or the public; but there is grave danger that they will do so unless his use of the term "black market" is clearly defined. The public, I fear, thinks of black-marketeers as gangs of racketeers moving into the meat packing business, as they moved into the liquor business during prohibition days, buying cattle away from legitimate packers and selling to the public at exorbitant prices. It needs to be understood that critics of OPA are now using the term "black-market" in quite a different sense.

From time immemorial some unscrupulous dealers have shortweighted their customers. If they do so now, the distinguished Senator from Nebraska classes the meat as being sold in the black market. From time immemorial other unscrupulous dealers have sold customers inferior grades of meat and have charged them for better grades. Now, if a dealer does that the Senator classifies the meat as being sold in the black market. From time immemorial unscrupulous dealers have in trimming meat left on too much fat or bone. If a dealer does that now, opponents of OPA classify the meat as being sold in the black market. If a dealer, having bought meat from Swift, or Armour or any other packer complying with regulations, decides to take an illegal mark-up, and charges a cent or two above legal ceilings, the meat is considered to be sold in the black market. I do not object to anyone's definition of what is black market meat,

if it does not mislead the Senate or the public. I only want it understood just what is being classified as black market.

Mr. President, in that connection let me say that all the arguments which have been made in reference to black-market meat have been based on the statistics furnished by the American Meat Institute. That report merely showed that they found that 80 percent of the retailers were from time to time, to a greater or lesser extent, in connection with a greater or lesser amount of beef, overcharging their purchasers to a degree which it is claimed equaled a total of 20 percent of the meat being sold by the retailers. The OPA very vigorously and emphatically claims that the 20-percent figure is an exaggeration. But regardless of the accuracy of that figure, almost all the talk about black-market meat is based on the claim that retail stores from time to time have been chiseling and gouging their customers.

Mr. President, it is untrue that a bunch of racketeers have seized control of the meat industry. In 1945, meat production in plants daily checked by inspectors of the Department of Agriculture broke all previous records, and reached a peak 42.7 percent above average production for the free market period 1935-39. In the first quarter of 1946, even with the big packing plants closed down for 2 weeks by strikes, output of Federally inspected plants was on an even keel with last year's production. It was not until the second quarter of 1946 that this entirely favorable situation changed, and then it changed while there were in effect the same price regulations under which records were broken in 1945 and in the first quarter of 1946. The change came when the big packers decided to make a drive to break price control, and received encouragement from Congress, and when, as the President had warned would happen, producers began to hold their animals off the market in the hope of getting higher prices if control was ended. If anyone is responsible for the recent withholding of animals from the market and the resulting meat shortage, it is the enemies of price control in Congress, who did not follow the President's advice, but blocked early decision on price-control legislation. To blame it upon OPA is the height of absurdity. To claim now that the sudden flow of meat to market is due to the ending of OPA is equally absurd. The Senator from Nebraska very well knows that withholding of animals would come to an end the minute Congress decided its price-control policy.

The Department of Agriculture warns, however, that the present flow of animals to market is abnormal and cannot be expected to continue. It warns of continued shortages ahead.

Mr. President, we have just sent great quantities of our grains abroad. Grain reserves are at a dangerously low level—at the lowest point in years. Severe competition for our limited supplies of grains, between cattle feeders, hog producers, dairymen, poultry and egg producers, and millers and cereal producers is inevitable. Grain prices are certain to rise and meat prices are bound to follow



them up, unless price controls are restored.

The wholesale prices of foods already are up 26 percent, and are continuing to rise. I do not think the American people are going to be fooled by unwarranted claims about the extent of the black market or the amount of black market overcharges. They know what they paid 2 weeks ago for food. They know what they are being charged now. They will know what they are asked to pay 30, 60, and 90 days from now, and in November, when they go to the polls.

We have heard a good deal about price control and dairy-product production. What the enemies of price control have failed to state is that in spite of difficult feed and labor problems, milk production is 13 percent above prewar levels, when prices were fixed in a free market. The distinguished junior Senator from Wisconsin in his discussion failed to tell you that production of every dairy product, but butter, is far above prewar levels. Compared with average 1936-39 production, these are the gains: Cheese, 58 percent; dried and evaporated milk, 88 percent; ice cream, 102 percent; fresh liquid milk and cream, 57 percent. Only butter is down in production, being 43 percent below prewar levels. Mr. President, there are entirely reasonable and proper explanations for that situation, although I do not desire to digress from my main theme to discuss butter now.

Mr. AIKEN. Mr. President, will the Senator yield to me for a moment?

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Vermont?

Mr. DOWNEY. No; I prefer not to yield, if the Senator from Vermont wishes to speak about butter.

Mr. President, the junior Senator from Wisconsin also failed to state that before the war, free market pricing gave dairymen \$2.17 per cwt. for milk, when used in fresh liquid form, but only \$1.15 when used to make butter. He did not tell you that under price control, payment for milk for fresh liquid use rose 81 percent, but that payment for milk used for making butter rose 187 percent, putting butter in a far more advantageous price relationship than it held before the war. Only the extraordinary increase in the demand for fresh liquid milk and milk in other forms prevents us from getting all the butter we can consume. There has been no failure of milk production.

The Senator also neglected to tell you how much more profitable dairying is now than it was before the war. The Department of Agriculture, by a study of the income-tax returns of dairy farmers, determined that the net income of the typical dairy farmer of southern Wisconsin was 72 percent greater in 1945 than it was in 1941. It determined that the net income of the typical dairy farmer of central New York State was 126 percent greater in 1945 than it was in 1941. In both cases net income is measured after deduction of all costs, including depreciation. Since 1945, milk prices have been increased by approximately 60 cents per hundredweight, estimated to more than cover increased costs. Certainly prices which yield dairy

farmers 72 or 126 percent greater net profits than they got under free-market pricing before price control was established, can hardly involve hardship or be discouraging to production.

Now that price controls are removed from dairy products, there is not an additional dairy cow in the country or an extra quart of milk. Butter may soar in price, to cut in on consumption of milk in other forms. If milk prices soar—and seemingly the rises of from 2 to 5 cents a quart already made will prove only a beginning, for it is difficult to see how milk prices can avoid following grain prices upward—it is highly questionable if the public will continue to drink as much fresh liquid milk as is now being consumed.

This brings us to our final question: At what production level will demand and supply come into balance, if price controls are not reestablished?

When prices soared 45 percent after World War I they outran the public's ability to buy. Demand dropped off, and the Nation's economy went into a tailspin. The production level at which demand and supply finally came into balance brought disaster to all groups in the population. It turned corporation earnings from \$5,896,000,000 in 1919, into a loss of \$55,000,000 in 1921. In 5 years it sent 106,000 business firms into bankruptcy.

For labor it was equally disastrous. Thirty-one percent of the Nation's factory workers lost their jobs. Unemployment increased in 2 years by 5,600,000.

Farmers were hit hardest of all. Demand and supply of farm products came into balance at such a low level that average farm operator income fell from \$1,360 in 1919 to \$460 in 1921. In the next 5 years 453,000 farmers lost their farms through mortgage foreclosures.

As a people we are consuming today far more foods than we used before the war. Then we used 120 pounds of meat per person per year, now we are using 145 pounds. Then we drank 150 quarts of fresh milk a year, now we are using 220 quarts. Then we ate 298 eggs per person per year, now we are using 371 eggs. Does any Senator think that our ranchmen, dairy farmers, or poultry raisers will be better off if prices again run away and reduce consumption to prewar levels?

The truth is that in a postwar inflationary period, and no one will deny that present inflationary pressures are very great, free market pricing always causes runaway prices. They rise and rise until they outrun the ability of the public to buy the quantity of goods being produced. Demand then falls off, and demand and supply come into balance at a level that spells disaster. It happened after the Civil War. It happened after World War I. It will happen this time, unless the Government eases its way out of controls by letting rising supply offset pressures of demand before controls are lifted.

I presume there are persons who are opposed to free enterprise and would like to see price controls made permanent. I know none such personally and certainly I am not one of them. I want free mar-

ket pricing restored as soon as it can be done without dangerous inflation. But I can see no sense in heading straight into a gathering tornado. If the Senate sends over to the House the bill drafted on the Senate floor, we shall be in for runaway inflation, followed by collapse and depression. Already, with a 17 percent rise in the prices of basic commodities in 10 days, the upward movement is under way.

In voting for the resolution of the Senator from Florida the Senate has its last chance to repair a tragic mistake. If we do not grasp it the people of the Nation are going to pay a monstrous price for our blindness and our folly.

Mr. President, the time to save ourselves is today, and the way to do it is to continue the operation of OPA for the coming year as we have had it for the past year.

Mr. TAYLOR. Mr. President, I do not intend to take much time at this late hour. However, I feel that the time has come for us to stand up and be counted.

The OPA as it now exists, or fails to exist—I do not know which would be the best description—is absolutely inadequate, in my estimation. The only hope of any effective price control is for those who believe that it would be better for us to control prices temporarily and taper off, and prevent a wild inflation, to support the amendment offered by the distinguished Senator from Florida.

Mr. President, I should like to say that I feel that undue emphasis has been placed upon black-market prices. Personally I can say truthfully that I have had no dealings whatever with black-market commodities at any time, in any way, shape, or form, and certainly being a Senator, and drawing a Senator's salary, I am in a far better position to deal in the black market, if I were so minded, than are millions of other Americans. So I think that there must be a great majority of our population who have had no dealings whatever in black markets, and all this talk about black-market prices is absolutely irrelevant when we talk about price controls.

Earlier in the evening the able Senator from Indiana (Mr. CAPEHART) suggested that we get back to the system that made America great. I wonder if upon closer analysis what he really meant, although he may not consciously realize it, was that we should get back to the system advocated by Herbert Hoover, which almost ruined America—I should like to use stronger language if the rules of the Senate permitted it—the rule of dog eat dog and devil take the hindmost. I was out with the people at that time, and I was one of the underprivileged about whom President Roosevelt spoke, to be perfectly frank about the matter. In those dark days, when Mr. Hoover was exemplifying rugged individualism for us, I have heard farmers and businessmen say, "We are not going to stand for this much longer. We will get some guns and start doing something about it."

Mr. President, I am fearful that if we kill price control—we have practically killed it, it is dying—if we permit it to

die, our private enterprise system, which Senators on the other side of the aisle so vociferously champion, may be on the way out.

Mr. President, I admit there was a time in my life when I had very serious doubts about our private-enterprise system. I was not a Socialist, because I had never read a book by a Socialist, Eugene V. Debs, or anybody else. I was not a Communist, because I had not joined the Communist Party, and I had not read any Communist literature. I had studied a great deal about economics, and, frankly, I had come to the conclusion that private enterprise was pretty much of a failure, as it was back in those dark days of 1932.

During the war I got a job in a defense plant. I had to work for wages, something I had not done for many years. It was on cost-plus, and when I saw the waste and inefficiency, when I saw that if I had been able to exercise my own initiative and use whatever brains I had I could have done the job in a half or third or fourth of the time, yet, because of cost-plus, I had to string it out and make the job last, so that the boss could collect the pias while I ran up the cost, I decided that probably private enterprise was a pretty good thing. But I had been much happier when I was in business for myself and did not have to chisel, could really turn in an honest day's work. I decided it would be a good thing if possibly my sons could also enjoy the privilege of going into business for themselves and escaping cost-plus.

So I can truthfully say to the American people, to the voters of Idaho, that I think that if those who practically own our system of private enterprise body and soul will be satisfied with a reasonable profit, and distribute sufficient purchasing power to those who do the actual work so that they can buy the products of private enterprise, we can make it work wonderfully well, better than any other system. I stand here tonight ready to fight for it to the last ditch, and I accuse those who champion private enterprise the loudest, and at this moment are trying to scuttle price control to allow unconscionable, unreasonable, ungodly profits to the self-appointed lords of private enterprise. They are the ones who are consciously or unconsciously—the rules of the Senate forbid us to question the motives of our colleagues, so I say consciously or unconsciously—trying to scuttle price control.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. TAYLOR. I yield.

Mr. CORDON. I am not quite sure I understood the Senator. Am I correct in my understanding that the Senator makes the statement that during the war there were contracts on a cost-plus basis from which the contractor received more money for the job if the cost of it was greater?

Mr. TAYLOR. Oh, absolutely.

Mr. CORDON. Mr. President, it may seem strange for a Member of the Senate on this side of the aisle to rise to the defense of the Democratic administration, which was in charge during the war, but I believe in the interest of truth

it should be done. I may say to the Senator that I am reasonably certain that no contracts were let during this war in connection with defense operations which were on a cost-plus basis, but that the contracts were in truth on what has been known as a cost-plus-fixed-fee basis, the fee being fixed in advance, the only method provided in the contract for the contractor to get more than the fixed fee being in a case where he expedited the time of delivery; that is when the time element was involved. I believe that is correct, and if I am not correct I should like to have the Senator identify the case, because I desire later to check that particular contract, if one exists.

Mr. TAYLOR. I know that it was cost-plus-a-fixed-fee at least, and it did not make any difference how much the cost was; if the contractor could not obtain the labor he needed otherwise, he could get the labor from some other contractor, pirate the labor and pay the laborers a higher price, and then he would receive his profit just the same, no matter what it cost to do the job.

Mr. CORDON. Then I understand the Senator now does not contend that it was a cost-plus contract under which the contractor received more money if he spent more money to do the job?

Mr. TAYLOR. Well, that may not have been, although it was my understanding that there were contracts let on that basis; that the contractors received a percentage of the cost of the job.

Mr. CORDON. Will the Senator yield further for one statement?

Mr. TAYLOR. Certainly.

Mr. CORDON. Mr. President, I think one of the policies which I believe was strictly followed in this war, for which I have only the highest commendation, was the policy which was exactly the opposite of that followed in World War I, known as the cost-plus contract. I think this Nation was saved a very great deal of money by reason of that practice being followed. I think it was the exercise of a high type of judgment which dictated that there should not be cost-plus contracts. Even so, I recognized that there was probably a great deal of money spent that should not have been spent in connection with the production of defense goods. But none of it could be laid to the Government because it had set up a policy by which a contractor could get more money by expending more money. So far as I know, no such contract was ever made during this war.

Mr. TAYLOR. I am frank to admit that I am in no position at this moment to prove that. That was my understanding. I know at least that contractors received cost plus a fixed fee, and I did understand—I heard it from many sources—that it was cost plus on the basis that they receive a percentage, and that if it cost more to produce what they produced they made more.

Mr. GOSSETT. Mr. President, will the Senator yield?

Mr. TAYLOR. I yield.

Mr. GOSSETT. I should like to ask the Senator from Oregon a question if the Senator from Idaho will yield for that purpose.

The PRESIDING OFFICER. Does the Senator from Idaho yield to his colleague?

Mr. TAYLOR. I yield to the junior Senator from Idaho to ask the Senator from Oregon a question.

Mr. GOSSETT. Was it or was it not a fact that all war contracts which were entered into were renegotiable by the Government for a given length of time after they were completed?

Mr. CORDON. Mr. President, the renegotiation provisions which were originally made, and which I believe are still carried in the Internal Revenue Act, were not applicable to small contracts. My memory, and I am not at all certain that I am correct, is that the original contract had to be in excess of \$100,000 in order to be renegotiable. I am not certain of that amount. There was a certain amount below which renegotiation was not permitted under the law. But above that amount all contracts were subject to renegotiation, under which procedure the Government was entitled to recover any profit deemed to be excessive, and the Government itself was empowered to determine what was an excessive profit.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TAYLOR. I yield.

Mr. BARKLEY. I wonder if we might not forego a discussion of war contracts at this time, at this hour, in order that we might approach a vote on the pending amendment. We could spend the whole night discussing war contracts if we wanted to do it, but while it is a very interesting subject, it seems to me that we ought to forego a discussion of it now and see if we cannot come to a vote on the pending amendment. I hope Senators will not take much more time, if any, in discussing war contracts.

Mr. TAYLOR. I may say to the distinguished majority leader that I was just going to suggest that the discussion of cost-plus was beside the point insofar as price control was concerned.

Mr. President, I approach this matter of price control as a question, not of what is best but rather what is the lesser of two evils. I realize full well that price control has had many evils connected with it; that it has worked hardship upon many manufacturers, retailers, and others. I have gone to bat for numbers of the people with OPA. I know of cases where relief has come too late, and they have been forced to go out of business.

But, Mr. President, I feel that a continuation of OPA unhindered in carrying out its functions, as is provided in the amendment of the Senator from Florida, is the lesser of the evils when compared to taking off of all price controls and allowing to continue the inflation spiral which we have seen in progress since OPA died on the first of the month. I feel that that will be disastrous to hundreds and thousands of American small businessmen, because they will be caught with high-price inventories, and if the bottom falls out they will go broke as they did after the last war and in the crash of 1929.

Mr. President, inflation is exhilarating at times. It sort of reminds me of a few years ago during the depression when I



for a time endeavored to earn my living as a fisherman down on the Gulf of Mexico. It was hard work. At night we would go out at 10 o'clock and wade through the water, up to our shoulders, dragging a net trying to catch shrimp for bait. That would last a couple of hours until midnight, and then we would sleep until 3 o'clock, and get up and start fishing until probably 9 or 10 in the morning, and then try to sleep through the heat of the day. The heat was very oppressive. The humidity was great. One could not sleep. Yet that night we had to start over again.

I remember that one afternoon a brisk breeze came up to relieve the heat, and it was very satisfying after the sultry day that preceded it. I went out on the edge of the cliff that overlooked the bay and I stood there with the breeze blowing upon me, and I felt very good for a time. It feels very good when inflation comes, and everyone seems to be prosperous for the moment. But the breeze became stronger and stronger, and the waves rose up and whipped up and became higher and higher, and finally I saw different articles flying around behind me on the landscape. The wind was becoming so strong they were starting to blow away, and I became a little alarmed. So I went back to the trailer house where I had my wife and baby. Luckily the trailer was faced into the wind, and streamlined. The wind became stronger. It was one of those hurricanes that come up along the Gulf coast. I went in and tried to comfort my family. Frankly, I did not feel any too comfortable myself. The wind became stronger, and I saw it take the roofs off the huts of the other fishermen. Luckily our trailer, being streamlined, withstood the wind.

That is the way with inflation. As time goes on, I am afraid the same thing will happen to us that has happened to Hungary, as I have recounted on the floor of the Senate. Hungary removed price controls a year ago, and now the Hungarian currency is absolutely worthless. The streets of Budapest are littered with paper money; and Austria, next door, which kept price control, is proceeding with an orderly reconversion, although it is said that many items are in shorter supply in Austria than they are in Hungary. There is an object lesson for us in that, Mr. President.

I would rather continue price control, with all its inconveniences, hardships, and injustices for another year, until February 1, as the Senator from Florida suggests in his amendment. Then we shall be back here, and we shall have 30 days in which to review the situation before the law expires. I would rather have decontrol come in that way. I have confidence that the OPA Administrator and the personnel of OPA will decontrol as fast as it is safe to decontrol.

I have voted for none of the decontrol amendments, but by the votes which have been cast the Senate has expressed its wishes in the matter. I feel sure that as soon as possible the OPA would decontrol tobacco, pulpwood, and the other items sought to be decontrolled in this measure.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. TAYLOR. I yield.

Mr. PEPPER. I am sure the able Senator is not overlooking the fact that in our amendment we have incorporated all the provisions in the committee amendment providing for the Decontrol Board, and all the functions that the Decontrol Board would have under the committee amendment.

Mr. TAYLOR. That is correct. The Senator's amendment includes the Decontrol Board, and I am glad it does. But I would rather have decontrol come in this way rather than like the hurricane we experienced on the Gulf coast of Texas, which destroyed the homes of many of my humble fishermen neighbors. I would rather have it come like the sunrise out in Idaho. On a cold morning, if one is up in the mountains on a fishing trip and has gone through a long dark night, possibly comparable, in some instances, with the long dark night of the inconvenience of price control, in the morning he sees the rosy fingers of dawn feeling their way about the craggy peaks of the Sawtooth Mountains. I would rather have decontrol come in that fashion than like the tempest I went through on the Gulf coast.

Mr. President, I hope that the Senate will adopt this amendment. This is the time for Senators who genuinely believe in price control to stand up and be counted. This is the opportunity for which I have waited. This amendment would not pass the buck to the President of the United States. We have before us the clear-cut issue as to whether we want price control or whether we want to pass a measure which is absolutely inadequate, and then try to kid the American people into believing that we have passed a price-control measure. When inflation comes, as it certainly will under the terms of the measure which it is proposed to pass, let us not try to tell the American people that it is the result of maladministration by officials of the OPA.

Let us be honest. Let us vote either for price control or for no price control. I am prepared to accept the challenge I shall vote for the amendment of the Senator from Florida, and I shall vote against the joint resolution which has been butchered on the floor of the United States Senate.

Mr. AIKEN. Mr. President, I should like to speak for 5 or 6 minutes.

I regret to say that I find myself in disagreement with my colleagues who have sponsored this amendment, much as I respect them and much as I have enjoyed working with most of them in committees.

It is my candid opinion that we might regard the proposed amendment not as a price control measure, but rather as a political document. I am fully satisfied that the vote on this amendment which we take here tonight will be used as a political criterion to support or defeat Members of Congress who vote for or against it, depending upon whether they vote in accordance with the ideas of the group which is supporting the amendment. I am also satisfied, Mr.

President, that if by any chance this amendment should be agreed to, the effect would be not price control, but political unrest.

This spring when it began to be sensed that the OPA might be discontinued on July 1, those who manufacture goods, raise cattle, and produce crops began to hold back their products. When we came into June some of the necessities of life almost stopped flowing into the channels which would take them to the people who needed them very badly. Production was held back in May, but this amendment calls for the end of price control on February 1. If it should be adopted, it would mean that about the last of November, goods and produce would be withheld from the market. Food would stop flowing into the channels of trade. Warm clothes would stop coming into the market, at the time of year when people need warm clothes. Fuel would be held back, waiting for a possible higher price with the ending of price control on February 1.

Is it difficult to imagine what would happen under such circumstances? Imagine what kind of a Christmas the poor people of the country would have if price controls were to end on February 1 and food, fuel, and clothing were withheld from the market. They would have a pretty cold and hungry Christmas and New Year. The net result would be, I fear, riots, strikes, and near rebellion.

I am not satisfied with the measure upon which we have been working. There is altogether too much decontrol in it. I hope and expect that the conference committee will make a better measure of it; but I am satisfied that with the provisions of the joint resolution as they are, and as they can be after the conference committee gets through with them, the administration can make the measure work if it wishes to do so.

As I say, we have decontrolled too much. At the bottom of page 7 of the joint resolution will be found this provision:

(3) Whenever the Secretary of Agriculture determines that an agricultural commodity with respect to which maximum prices have been removed is in short supply and that the reestablishment of maximum prices with respect thereto is necessary to effectuate the purposes of this act, the Secretary, with the written consent of the Price Decontrol Board, may recommend to the Administrator, and the Administrator shall establish, such maximum prices with respect to such commodity, consistent with applicable provisions of law, as in the judgment of the Secretary are necessary to effectuate the purposes of this act.

That paragraph provides that if decontrolled agricultural commodities get out of hand and prices skyrocket to the point of inflation, they can be recontrolled.

Take milk, for example. I am sorry that the price of milk has gone to 19 or 20 cents a quart throughout most of the country. But with the taking off of the subsidies it had to do so, unless the additional 2 or 3 cents were to be taken from the producers. But under this measure, if the price of milk next fall goes to 24 or 25 cents a quart—as I fear it will—I am satisfied that the Govern-

ment can recontrol milk and return to the payment of subsidies, so that the price can be held within the reach of poor people.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. AIKEN. I do not care to yield now. I am too tired to get into any arguments. I wish to say what I have to say, and then stop.

The Senator from California [Mr. DOWNEY] called attention to the fact that we are producing much more milk than we were in prewar days. That is true. We must produce milk for ten or fifteen million more people. But what the Senator from California did not tell us was that the production of milk has been dropping steadily for the last 8 months. As I said yesterday, this spring the production of milk in New England dropped 16 percent below what it was last spring, and it is still dropping.

The Senator from California also told us how many more eggs we have now than we had in the prewar days, but he did not tell us that 20 percent less laying chickens are coming along, for next winter, than there were a year ago.

So, Mr. President, I am satisfied that if the Government wants to make this measure work, after the conferees get through with it and put it in better shape than it is now, the Government can make it work.

I wish to say that there has been altogether too much politics played in connection with the matter of price control. Politics has been played both by the executive department and some of those in the legislative department, and there is no excuse for any of them to do that.

Mr. President, I yield to no one in my desire to see to it that the people of the United States enjoy better health, better education, better living. They deserve the better things of life. Likewise, I yield to no one in my unalterable opposition to those who would build up their cartels and their monopolies, those who would seize our natural resources for their own benefit, or those who would destroy the rights of labor or agriculture to organize to better their own welfare. But, Mr. President, I will not undertake to achieve these objectives or ideals which I hold by voting for any political measure which, if passed, would bring about abject misery, such as having price controls ended February 1 would do. If the sponsors of this proposal really have adequate price control as their objective, let them make the price control end next June 30, if they want me to vote for the measure, and not have it end February 1, when the only possible result could be misery, riots, strikes, and various other disturbances.

Mr. MORSE. Mr. President, I was glad to hear the Senator from Vermont say that he is too tired to yield, because that is the only explanation which would satisfy me as his attributing to the sponsors of this proposal a motive that they are proposing this amendment as a political document. As one of the sponsors of the measure, I wish to make it clear that no such motivation guided me in becoming a sponsor of the document. I am sure that is also true of the other spon-

sors of the Pepper substitute amendment. I am not going to attribute any characterization to the joint resolution which is pending before the Senate in the form of the committee bill, as it has been amended on the floor of the Senate. But if ever any politics and political trading and pork barreling have entered into the preparation of any bill, I submit that playing politics is what has happened on the floor of the Senate in recent days in connection with the preparation of the bill which is finally going to come to a vote on the floor of the Senate.

I wish to say to the Senator from Vermont that I think he knows that I have the highest of admiration for him and great respect for his judgment. However, as honest men, we can have honest differences of opinion, and we certainly have an honest difference of opinion as to the effects of the so-called Pepper amendment. I do not think the dire predictions the Senator from Vermont makes will flow from that amendment. But I am satisfied that most of the things the Senator from Vermont has said about that Pepper amendment are going to be exactly the results which will flow from the so-called Barkley measure, when finally voted upon by the Senate.

If the Senator from Vermont will accept June 30 as the expiration date for price controls, so far as I am concerned, as one of the sponsors of the Pepper substitute, I shall be glad to accept that date. I should like to ask the Senator from Florida whether he will accept June 30 as the date for the expiration of price control?

Mr. PEPPER. We shall be glad to do that. The reason February 1 was arbitrarily chosen was, as I said before, that that would be when the new Congress would have begun its session, and that date would give the new Congress a chance to determine whether it wanted to continue price control until June 30 or for a longer or shorter period. However, if the Senator from Vermont would like to have the date the 30th of June, I would take the liberty of making that modification.

Mr. MORSE. Mr. President, I have only one other comment to make, and that is that all during the discussion of the so-called Barkley measure there was, I think, at least a general understanding that we were going to proceed to eliminate all price controls at the earliest possible date, regardless of whether it would be January 1 or February 1 or March 1 or any other date. I certainly do not think it logically follows that because a date definite and certain is fixed in the Pepper measure, the consequence of fixing such a date and notifying the American people that as of that date the price controls will end and that the results suggested by the Senator from Vermont would automatically follow.

Mr. President, I do not have such a lack of confidence in the operation of American business as to believe that American business would use such methods to heap cruelty upon the American people as suggested by the Senator from Vermont.

I have only one more point to make as I close. I think we already have evidence available to the Senate and to the coun-

try in regard to what is going to happen in the remaining portion of the reconversion period if we do not keep on some effective price controls. There is still a complete out-of-balance between the totality of supply of consumer goods in this country and the purchasing power of the American people. So long as that economic fact exists, the danger of inflation will be knocking at our door.

As I said earlier this evening, and I repeat it now, I think when the so-called Barkley measure is passed, we shall find that in operation it will be an invitation for runaway inflation in this country. But if in 6 months that does not come to pass, I shall be perfectly willing to eat those words and to thank God that I have an opportunity to do so. But if what I suggest is true, then let me say the responsibility for that inflation cannot be passed to any other group except the Congress of the United States. I shall vote for the Pepper substitute amendment as a preventive measure against inflation.

Mr. KILGORE obtained the floor.

Mr. MAGNUSON. Mr. President, will the Senator yield to me?

Mr. KILGORE. For what purpose does the Senator request that I yield to him?

Mr. MAGNUSON. I should like to make a statement for about 1 minute.

Mr. KILGORE. Mr. President, I shall use only about 2 minutes.

Mr. President, I feel that I owe it to myself and to the Senate to give my reasons for being one of the sponsors of the amendment now under discussion. I have felt, and I still feel, and always will feel, that this amendment is not a price-control amendment. It is a price-decontrol amendment. It is for decontrol in an orderly manner. It is a method of getting from short supply to normal supply without depreciating the American dollar.

My reason for supporting this amendment is that I do not want this body and I do not want myself to vote to depreciate the only stable currency now existent in the world. We all remember that we have had thrown in our teeth for a long time the statement that the dollar is now worth only 59 cents, as compared to what it was worth in 1914. We have been told that that has occurred because of inflation. Mr. President, a dollar is what it will buy. If it will buy a bushel of wheat, a dollar is a bushel of wheat. We had well demonstrated on the floor of the Senate today, in connection with the silver controversy, the fact that the coined value of silver was \$1.29 if it had the seal of the United States of America on it; but its market value was fixed by the Senate at 90.3 cents. We may be melting silver dollars for their silver value if we keep on and get into inflation.

Mr. President, I say that we cannot safely decontrol suddenly. We cannot safely do as we have been witnessing here for the past few days, namely, do by legislative means something which can be well done only administratively. The Banking and Currency Committee brought out a measure; but when the hamstringing was finished, or may I call it the strip-tease act legislatively had



been completed, there was not much left, not even a skeleton.

Mr. President, we are decontrolling suddenly. We are depreciating the dollar suddenly. I have not heard a single word said on this floor so far in regard to the actual dollar loss. The comments have been about the anticipated profit loss by reason of the controlling of prices. That has been the nature of the complaint. I have not had a single lobbyist approach me in regard to decontrolling who did not say, "I want the thing I sell decontrolled. I want other price ceilings maintained."

Mr. President, I fear that all of us are looking at the thing through the wrong end of the telescope. We are thinking about how much money we ourselves are going to make by selling high, and we are failing to realize how much money we are going to lose by buying high.

Mr. President, we are looking at this situation from the standpoint of the instant profit, or this year's profit, and not from the long-range viewpoint of 10 years of continued profit. It is much better to rent a building at a lower rate of rent to a tenant whose business will permit him to pay the rent, and permit the owner to maintain the building for a long term of years, than it is for the owner to receive a high rate of rent for a few months, and then have the building vacant. We have forgotten the consumer. There was some talk in 1932 about the "forgotten man"—the consumer. Except for what was said about him by the Senator from Pennsylvania [Mr. MYERS], he has been the forgotten man in this debate.

For the reasons which I have stated, Mr. President, and for the reason that I believe we must have orderly decontrol, and must not, in hysteria, depreciate the dollar, I joined in sponsoring the amendment in the nature of a substitute. I join with the Senator from Vermont and with the Senator from Washington in believing that it will require more than 6 months properly to decontrol, inasmuch as we have been tightly controlled for more than 4 years. I assert, Mr. President, that the time has come for us to wake up and realize the effect of this situation. We must figure out how much decontrol will cost this Nation.

Incidentally, Mr. President, when we depreciate the American dollar, chaos will take place in the financial world, not only in this country but abroad as well, because the dollar is the only standard of value we have at the present time. When we increase too much the price of commodities, the dollar is depreciated because it is nothing but a medium of exchange with which we purchase the things we need. Therefore, Mr. President, in the interest of holding the dollar value where it is, and holding the value of the war bond where it is, and protecting the boys whom we promised to educate, and taking care of our disabled and other persons to whom we promised many things, it behooves us to go slowly and carefully with regard to the decontrolling process, and allow it to be done by a decontrol board. I believe, Mr. President, that it was wise to make provision in the joint resolution for a decontrol board, because the mat-

ter should be left to a board of that nature.

Mr. President, let us think carefully before we vote on this amendment. Let us remember that when we take off the controls the dollar will not buy even 59 cents' worth, it will buy a great deal less. The boys to whom we made our promises will realize that we lied to them, not by our promises but by our performance.

Mr. BARKLEY. Mr. President, before the Senate votes on the amendment I think it might be well to invite attention to what it is that we are asked to do. I do not, in the slightest degree, question the good faith or sincerity of any of the Senators who are sponsoring the amendment, or who will vote for it. But we should remember that we are considering a House joint resolution which does nothing except to extend price control, as it existed on June 30, to July 20. That is all the joint resolution does.

If we could imagine that the amendment which has been offered by the Senator from Florida in behalf of himself and other Senators could be agreed to, we would have this situation: We would have a House joint resolution extending price controls for 20 days, amended by extending them to the 1st of February, and there would be included the creation of a decontrol board and nothing else.

It is a foregone conclusion that the House would not accept the amendment, and it is extremely doubtful whether it would even send it to conference. But even if it sent it to conference, the field of operation of the conferees would be only that of the question of time as between a 20-day extension and a 7-month extension, and whether there should be a decontrol board. That is all the conference could deal with. That is all it could consider. It could not add in the conference report, under such circumstances, any of the other provisions of the joint resolution.

Mr. President, the chances are that if the matter went to conference there might be a compromise as to the length of the extension somewhere between 20 days and 7 months. It might be 50 days, or 90 days, but it certainly would not be 7 months. So the chances are that, out of the measure, we would get nothing whatever.

Mr. President, I think that we must look at the situation as sensible and practical men. There was a time when I would have voted for an absolute blanket extension of the OPA as it existed prior to June 30. The time has passed when we can do that. Everyone knows that. Anyone who would say that he did not know it would not be acquainted with the general parliamentary situation which confronts the Senate at the present time.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. PEPPER. A moment ago I intended to ask for a modification of the amendment so as to allow the expiration date be June 30. If I may so modify the amendment, I wish to do it.

Mr. President, what I wanted to ask the able leader is this: If the Senate

adopted the amendment so that the expiration date would be June 30, and it went to the House of Representatives and the House of Representatives declined to accept it, and the matter then went to conference, we certainly could be assured of price control, as it existed on the 30th of June, being extended to sometime between 20 days from the 30th of July this year and the 30th of next June. Therefore we would have a definite period of price control, except for the inclusion by the Senate of the decontrol board.

Mr. BARKLEY. The modification of the amendment from February 1 to June 30 would in no way cure the defect in the difference between versions of the two Houses. There might be a compromise as between July 20 and June 30, but that would not be of much practical benefit. I have grave doubt, Mr. President, if the amendment were adopted, whether the joint resolution would ever go to conference. If it did not go to conference it would end all price control and all chance for price control. In my judgment, if we are unable to get some sort of price control under the joint resolution which we are now considering, there is no chance to get it at all. We may as well consider that if we cannot get it under the pending measure, price control is over with and out the window.

I am not satisfied with the pending joint resolution. I do not have to say that. I have been fighting to the extent of my ability against some of the amendments to it. I do not know what will happen to them if the joint resolution goes to conference. I make no predictions with respect to the matter. I felt that we wrote in the former conference a better bill than either the House or the Senate passed. I still believe so. I would hope that in the next conference we could write a better bill than was written before. If I have a choice between voting for a bill which may have some chance of enactment, and one which may have no chance, I am ready to stand up and be counted, Mr. President, not for any political purpose or in order that my vote may be used for or against me somewhere else, and at some other time. I am willing to stand up and be counted on the subject of the practicability and possibility of securing any legislation whatever. When that question is at issue I am willing to vote even for a bill which I do not like, in view of the amendments which have been added to it, rather than take a chance on getting nothing at all. For that reason I shall vote against the amendment of the Senator from Florida.

SEVERAL SENATORS. Vote! Vote!

Mr. GREEN. Mr. President, I do not wish to make a speech; I want to ask a question. I think it would be very helpful to many of us if the Senator from Kentucky would summarize briefly the advantages of passing in its present form the joint resolution which he originally introduced.

Mr. BARKLEY. Mr. President, I hope the Senator from Rhode Island will not expect me to go into a description of the joint resolution. It has been discussed for days. I think there is an advan-

tage—and I supported the provision in the committee originally, and I support it in the joint resolution—in providing that the Secretary of Agriculture shall have some voice in the decontrol of agricultural products.

I think that there is value in the creation of the Decontrol Board which is set up in the measure. Even though it is copied in the amendment of the Senator from Florida, I think the chances of its enactment in the joint resolution are better as it is now before the Senate than in the amendment offered by the Senator from Florida.

I think there is in the joint resolution a standard by which prices can be fixed in the future, a better standard than would be possible of attainment if the amendment of the Senator from Florida should be agreed to and the conferees were limited in settling the differences between the two Houses. Nothing now could be added as between the House joint resolution and the amendment offered by the Senator from Florida.

Those are two or three advantages which I think of. There are many others I could call attention to which in my judgment we can attain in a free conference under the joint resolution that is now before the Senate, which could not be possible if the amendment offered by the Senator from Florida should be agreed to.

Mr. AIKEN. Mr. President, before the vote is taken I should like to say that I thank the Senator from Florida for changing the date from February 1 to June 30. I am very much tempted to vote for his amendment with that change in date, but if I did so at this time it would be merely a protest vote against the total inadequacy of the joint resolution which the Senate appears to be about to pass.

I believe that we need the very best legislation we can get just as quickly as we can get it, and we have to pin our hopes on the conference committee, and trust they will do better than either House has up to this time.

I wish to say that I have the very highest regard for all the sponsors of the amendment. I did not know the Senator from Oregon [Mr. MORSE] was a sponsor of it. I did not see his name on it. Furthermore, I wish to say that no one of the sponsors of the measure told me that it would be used as a political criterion. That information came from the outside.

Mr. PEPPER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PEPPER. It is understood, is it, that the sponsors of the amendment modified the expiration date to June 30, instead of February 1?

The PRESIDING OFFICER. The Senator has that right, and it is so understood.

The question is on agreeing to the amendment offered by the Senator from Florida [Mr. PEPPER] in the nature of a substitute, which will be stated.

The CHIEF CLERK. It is proposed to strike out all after the enacting clause and insert the following:

That section 1 (b) of the Emergency Price Control Act of 1942, as amended, is amended by striking out "June 30, 1946" and substituting "June 30, 1947"; and by inserting before the period at the end thereof a colon and the following:

"(h) Price Decontrol Board: (1) There is hereby established as an independent agency in the executive branch of the Government a Price Decontrol Board, to be composed of three members appointed by the President by and with the advice and consent of the Senate. Not more than two members of the Board shall be members of the same political party. Two members of the Board shall constitute a quorum, and a vacancy in the membership of the Board shall not impair the power of the remaining members to exercise its functions. Members of the Board shall receive compensation at the rate of \$12,000 a year.

"(2) The Board shall appoint and fix the compensation of a secretary for the Board and such other officers and employees as may be necessary to enable it to perform its functions. The Board may make such expenditures as may be necessary for performing its functions. The Board may, with the consent of the head of the department or agency concerned, utilize the facilities, services, and personnel of other agencies or departments of the Government. The Board shall maintain an office in charge of its secretary in the District of Columbia, which shall be open on all business days for the receipt of petitions for review and the transaction of other business of the Board. The Board shall prescribe regulations and procedures for the conduct of its business which will provide for summary disposition, with the utmost expedition consistent with sound decision, of petitions filed with the Board.

"(3) A petition made under subsection (g) (3) shall specifically state the grounds upon which the petitioning industry advisory committee believes that maximum prices on the commodity, involved should be removed. A copy of such petition shall forthwith be served on the Administrator or the Secretary, as the case may be, who shall within such time as may be fixed by the Board certify and file with the Board a transcript of such portions of the proceedings in connection with the petition under subsection (g) as are material. Such transcript shall include a statement in writing of the Administrator's or Secretary's reasons for believing that maximum prices on the commodity involved should not be removed, together with a statement of any economic data or other facts of which he has taken official notice. At the earliest practicable time the Board shall conduct a hearing upon the petition, at which the Administrator or the Secretary, as the case may be, and the committee shall be given an opportunity to present their views and argument orally or in writing. If application is made to the Board by either party for leave to introduce additional evidence, the Board may permit such evidence to be introduced or filed with it if it deems it material and determines that such evidence could not reasonably have been offered or included in the proceedings under subsection (g). At the earliest practicable time after the hearing on any petition, the Board shall make and issue an order specifying the extent, if any, to which maximum prices on the commodity involved shall be removed. The Board shall order the removal of such maximum prices if and to the extent that in its judgment the standards of decontrol stated in subsection (d) or (e) have been satisfied with respect to the commodity involved. The Administrator shall remove maximum prices with respect to the commodity in question within such time and to such extent as shall be specified in the order of the Board. Orders of the Board shall not be subject to modification

or review by any other department or agency or by any court.

"(4) No petition may be filed with the Board with respect to any commodity within a period of 3 months after the issuance of an order of the Board with respect to the same commodity.

"(5) The members of the Board may serve as such without regard to the provisions of sections 109 and 113 of the Criminal Code (18 U. S. C., secs. 198 and 203) or section 19 (e) of the Contract Settlement Act of 1944, except insofar as such sections may prohibit any such member from receiving compensation in respect of any particular matter which is within the jurisdiction of the Board.

"(6) If the number of petitions filed with the Board should at any time become so great as to prevent the Board from promptly conducting hearings upon such petitions, the Board shall appoint such hearing commissioners as it deems necessary in order to expedite the transaction of its business. The Board may authorize one or more of the hearing commissioners so appointed to conduct the hearing upon any petition under this subsection and to exercise the authority of the Board with respect to such hearing. After a hearing conducted before a hearing commissioner, the commissioner shall make recommendations consistent with this subsection to the Board concerning its action with respect to the petition. If the Board approves such recommendations, it shall issue an order in conformity therewith. If the Board does not approve such recommendations, the Board may issue such order as it deems proper upon the record or may conduct a new hearing upon the petition before the Board."

SEC. 2. Section 6 of the Stabilization Act of 1942, as amended, is amended by striking out "June 30, 1946" and substituting "June 30, 1947."

SEC. 3. The last paragraph of section 2 (c) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944, shall not apply with respect to operations of the Commodity Credit Corporation and the Reconstruction Finance Corporation until February 1, 1947: *Provided*, That no new subsidy or purchase and sale operations shall be undertaken under the authority of this section, and no change shall be made in the basis of any operations existing on June 29, 1946, for which funds are made available under this section which will increase the rate of any subsidy or the rate of loss incurred with respect to any commodity.

SEC. 4. (1) The provisions of this act shall take effect as of June 30, 1946, and (2) all regulations, orders, price schedules, and requirements under the Emergency Price Control Act of 1942, as amended, and the Stabilization Act of 1942, as amended, which were in effect on June 30, 1946, shall be in effect in the same manner and to the same extent as if this act had been enacted on June 30, 1946, and (3) any proceeding, petition, application, or protest which was pending under the Emergency Price Control Act of 1942, as amended, or the Stabilization Act of 1942, as amended, on June 30, 1946, shall be proceeded with and shall be effective in the same manner and to the same extent as if this act had been enacted on June 30, 1946: *Provided*, That in any case in which the Emergency Price Control Act of 1942 (except sections 204 and 205), as amended, or the Stabilization Act of 1942 (except sections 8 and 9), as amended, or any regulation, order, or requirement under either of such acts, prescribes any period of time within which any act is required or permitted to be done, and such period had commenced but had not expired on June 30, 1946, such period is hereby extended for a number of days equal to the number of days from July 1, 1946, to the date of enactment of this



act, both inclusive: *Provided further*, That no act or transaction occurring subsequent to June 30, 1946, and prior to the date of enactment of this act shall be deemed to be a violation of the Emergency Price Control Act of 1942, as amended, or the Stabilization Act of 1942, as amended, or of any regulation, order, price schedule, or requirement under either of such acts.

The **PRESIDING OFFICER**. The question is on agreeing to the amendment offered by the Senator from Florida [Mr. PEPPER] for himself and other Senators.

Mr. BARKLEY. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. WAGNER (when his name was called). I have a general pair with the Senator from Kansas [Mr. REED]. I transfer that pair to the Senator from New Mexico [Mr. HATCH]. I am not advised as to how the Senator from New Mexico would vote on this question. Being at liberty to vote, I vote "yea."

The roll call was concluded.

Mr. HILL. I announce that the Senator from Florida [Mr. ANDREWS] and the Senator from North Carolina [Mr. BAILEY] are absent because of illness.

The Senator from South Carolina [Mr. MAYBANK], and the Senator from Montana [Mr. WHEELER] are absent by leave of the Senate.

The Senator from Mississippi [Mr. BLBO], and the Senator from Arizona [Mr. McFARLAND] are detained on public business.

The Senator from Virginia [Mr. BYRD] is detained on official business.

The Senator from Arizona [Mr. HAYDEN] is necessarily absent.

The Senator from New Mexico [Mr. HATCH] is absent on official business, having been appointed a member of the President's Evaluation Commission in connection with the test of atomic bombs on naval vessels at Bikini.

The Senator from Louisiana [Mr. ELLENDER], and the Senator from Maryland [Mr. TYDINGS] are absent on official business, having been appointed to the commission on the part of the Senate to participate in the Philippine independence ceremonies.

The Senator from Texas [Mr. CONNALLY] is absent on official business, attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State. He has a general pair with the Senator from Michigan [Mr. VANDENBERG].

If present and voting, the Senator from Florida [Mr. ANDREWS] and the Senator from South Carolina [Mr. MAYBANK] would vote "nay."

Mr. WHERRY. The Senator from Michigan [Mr. VANDENBERG] is absent on official business attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State. He has a general pair with the Senator from Texas [Mr. CONNALLY].

The Senator from Massachusetts [Mr. SALTONSTALL] is absent on official business, having been appointed a member of the President's Evaluation Commission in connection with the test of atomic bombs on naval vessels at Bikini.

The Senator from Iowa [Mr. HICKENLOOPER] is absent by leave of the Senate on official business as a member of the Special Committee on Atomic Energy.

The Senator from Nebraska [Mr. BUTLER] is absent on official business, being a member of the commission appointed to attend the Philippine independence ceremonies.

The Senator from Minnesota [Mr. SHIPSTEAD] is absent by leave of the Senate.

The Senator from New Hampshire [Mr. TOBEY] and the Senator from Indiana [Mr. WILLIS] are necessarily absent. If present the Senator from Indiana would vote "nay."

The Senator from South Dakota [Mr. BUSHFIELD] is unavoidably detained. If present he would vote "nay."

The pair of the Senator from Kansas [Mr. REED] has been announced heretofore, and transferred. If present the Senator from Kansas would vote "nay."

The result was announced—yeas 23, nays 52, as follows:

#### YEAS—23

Chavez	McMahon	O'Mahoney
Downey	Magnuson	Pepper
Green	Mead	Taylor
Guffey	Mitchell	Thomas, Utah
Hill	Morse	Tunnell
Huffman	Murdock	Wagner
Kilgore	Murray	Walsh
Lucas	Myers	

#### NAYS—52

Aiken	George	Overton
Austin	Gerry	Radcliffe
Ball	Gossett	Revercomb
Barkley	Gurney	Robertson
Brewster	Hart	Russell
Bridges	Hawkes	Smith
Briggs	Hoey	Stanfill
Brooks	Johnson, Colo.	Stewart
Buck	Johnston, S. C.	Swift
Burch	Knowland	Taft
Capehart	La Follette	Thomas, Okla.
Capper	Langer	Wherry
Carville	McCarran	White
Cordon	McClellan	Wiley
Donnell	McKellar	Wilson
Eastland	Millikin	Young
Ferguson	Moore	
Fulbright	O'Daniel	

#### NOT VOTING—21

Andrews	Ellender	Saltonstall
Bailey	Hatch	Shipstead
Blibo	Hayden	Tobey
Bushfield	Hickenlooper	Tydings
Butler	McFarland	Vandenberg
Byrd	Maybank	Wheeler
Connally	Reed	Willis

So Mr. PEPPER's amendment in the nature of a substitute was rejected.

The **PRESIDING OFFICER**. The question is on agreeing to the committee amendment as amended.

Mr. O'DANIEL. Mr. President, I have been patiently waiting for my colleagues to quit filibustering, so that I might have a chance to say a few words.

I believe the Senators are tired at this late hour, and I think they might rather be home asleep than here listening to speeches. I do not intend to take much time to discuss this subject, which has been so thoroughly debated by my colleagues.

The matter which is before us is not a test of whether prices will rise or fall. It is a test of whether our Republic will rise or fall. During the past 13 years our Republic has fallen so low under the leadership of the New Deal that we see here, and have seen for the past 2 weeks,

how difficult it is for our bureaucrats to be patient while our American citizens are enjoying the freedom of living under American freedom without dictation from some New Deal bureaucrat in Washington.

Mr. President, we have the whole thing backward. According to our form of government, it was intended that the public officials should be the servants of the people and the people should be the masters. And here the public officials at 12 minutes past one in the morning are up here worrying about 120,000,000 people out there who are sound asleep not worrying about anything. That shows what happens when you try to run somebody else's business and when you know less about running the other fellow's business than the other fellow does. I think it is time that we should get back to the American form of government and the American way of life. I think the citizens of this Nation did a swell job the first 150 years or so, each one operating according to his own ideas of what he should do. I have confidence in the rank and file of the American people. I have seen very little confidence shown by a lot of our public officials around Washington. They do not appear to have any confidence in the American citizens' ability to look after their own business. These public officials are afraid the people will not know what time to get up in the morning. They are afraid the people will not know which cow to milk or which pail to put the milk in, or whether to churn it or send the cream to town and sell it, or whether to drink the milk. We have to decide everything here in Washington about what our citizens are going to do, which is just exactly the opposite of how it should be.

We would be in a terrible fix if we would get things in such bad shape that the American citizens could not make enough money to pay our salaries.

In the Senate Chamber are men of wisdom, men of intelligence, who should be looking after the legislative affairs of the Nation. Yet in the last 2 weeks this Chamber has taken on more or less the appearance of a Board of Trade. We are getting market reports in here regularly. We are forecasting what is going to happen to the price of wheat, to the price of cattle. Almost every Member of the Senate came here to make laws which would be fair, so that our citizens out there could operate and make a living and make profits so they could pay taxes and we would receive our salaries.

Mr. President, the situation is absurd. It is ridiculous. Who ever would have thought that this great Nation could have sunk to such a low level? We have fallen into the gutter of communism; we have sunk so low that it looks like we cannot get out. Even though OPA died a natural death 12 days ago, and was buried, we are now trying to revive it.

Mr. President, I am proud of this great Senate of the United States. It is a dignified body indeed. We have all heard about the mountain which labored and brought forth a mouse. And here this great dignified body of men labored and brought forth the ghost of OPA. It is ridiculous.

Mr. President, it is my honest conviction that unless we can turn the country back to the people, and legislate for the benefit of everybody instead of for certain groups, that we are going to lose our own liberties; we are going to lose our freedom. There is not a Member of the Senate who can tell me what the price of wheat was, or what the price of a loaf of bread was, or what the price of a pound of lard was, or what the price of anything else was 5 years ago. Now we are interested in market quotations. Every day newspaper reporters tell us what is being charged for a pound of butter. What is the difference to a legislator here at what price a pound of butter changes hands? The man who sells it and the man who buys it are both American citizens. What is the difference if butter is 50 cents a pound or a dollar a pound?

Can anyone here tell me that all men in Government are interested in the welfare of other men? It would be unusual to think they were. Some in this Government, it might seem, who must be elected, are interested in getting votes. We might as well shake off the shackles and get down to the truth. The reason it might appear why so many are talking about being interested in the consumers is that the population—

Mr. TAYLOR. Mr. President, will the Senator yield?

Mr. O'DANIEL. No; I will not yield.

Mr. TAYLOR. I deny that statement.

Mr. O'DANIEL. Is because the population statistics show that there are more consumer voters than there are producer voters. Is that why they are interested in this thing?

I am ashamed that we are in this kind of a jam up here. I do not believe there is a Senator in this Chamber who does not know that controlling of prices is an impossible task. There is no one in this Nation who has wisdom enough or intelligence enough to administer properly a price control act. That is an impossible thing. If two Senators were picked out and the rest of us were to decide what would be a fair price at which one should sell an article he owns to the other, neither would be satisfied by our decision.

Mr. President, when our forefathers set up this great Government of ours they separated Government from private industry, and they said that private industry would support the Government. They knew that people trading with each other would get mad at each other, and they would fight it out. But they did not care which one won because they were all citizens. So when the Government takes a hand in commercial matters in which it should not take a hand, then all the citizens commence to get mad at the Government. If Senators go out through the country today they will see what the people think about this Government of ours. The people are just as mad as they can be at it. Those who are buying what they need at the OPA prices, or what were OPA prices, are mad because the prices are not fair—because they are too high. The producers are mad because the prices are too low. And we here are caught in the middle.

Mr. President, all this comes about not because Senators do not have sense enough to know what should be done. I have always said that Senators have wisdom, that Senators have intelligence. Of course they have. But they are applying their wisdom and their intelligence in the wrong direction. It is like the mother I knew who had a daughter. She was trying to apologize because the daughter could not play the piano very well. The daughter was taking lessons but could not play very well. The mother said, "That is not the fault of my daughter's hands that she cannot hit the right keys. My daughter has such an active mind, such an active brain, and it operates so fast that her hands cannot keep up with it." That is the way with the Senate. If we would devote our time to enacting legislation instead of trying to run the markets of the United States, instead of trying to tell the farmers what to plant, when to plant, when to sow, when to reap, and at what price to sell we would get somewhere.

There is no doubt in my mind but that every Senator knows how to legislate. But they are trying to do the wrong job when they try to run the business of the Nation. They are using their great skill in performing a menial task. It is like hitching up a race horse to a plow.

Mr. President, I am trying to make it clear that I am against OPA and every phase of OPA. OPA is unsound. It is a menace. It is unnecessary. We got along without it for a long time. Some say that if we do not have OPA, prices are going up. Others say if we do have OPA, prices are going up.

I say, Mr. President, that whether we have OPA or do not have OPA, prices are going to fluctuate. Prices will go up and prices will go down. There is no man on earth who has sense enough to know positively which way they are going. The law of supply and demand settles that question. Many people have tried to guess the market, but found out to their sorrow that it is a difficult task.

No one knows what is going to happen with prices. A hundred and one things enter into the establishing of a price on a given commodity. We may set a price on one thing, and the result will be that prices on a dozen articles will be affected. If the price of a commodity goes too high, more of that commodity will be produced and that will bring down the price.

Mr. President, we are going to have higher prices, yes; but that does not depend on whether we do or do not have OPA. The damage in that respect has already been done. We have been dancing to the New Deal tune for 13 years, and now we have to pay the fiddler. This New Deal administration that we have had has spent and dissipated the resources of this Nation and of our people, and raised and raised the taxes until they take from 20 percent to 95 percent of the earnings of our citizens, and, as soon as they have gotten those earnings from our citizens, that money has vanished like the morning dew. That tax money does no more than get into the Treasury before it is gone. And in addition to spending all this tax money,

they have borrowed and run us into debt to the tune of around \$300,000,000,000.

Did Senators ever see this New Deal Government buy anything for a thousand dollars when they could pay \$2,000 for it? That is where the trouble comes in. The damage has already been done. Winston Churchill said that the English people would have to pay with blood, sweat, and tears, and the same thing applies to the American people. We are going to have to pay through the nose for the spending and for the foolishness of this New Deal government. They cannot stop. They want to keep on with it. And if we cannot shovel out the money fast enough here at home, we will shovel out \$3,750,000,000 to England, and then we will shovel it out to Russia. Just as long as we can keep printing the money down here, the Government will keep shoveling it out.

So it is not the death of OPA that is going to cause all our trouble. Do not let the officials frighten you about it. The American people should not be frightened about what happens to OPA. We are going to go through the depths of a depression, we are going to suffer, and we are going to pay with blood, sweat, and tears before we ever get out from under the ruin that has been imposed upon this great Republic by a bunch of New Deal idealists and stargazers who are trying to do the thinking for 140,000,000 people.

The only thing the New Deal ever created was emergencies and shortages. They are good at that. They started in with the NRA. Congress, of course, knows that there is no one person smart enough to handle an emergency, so Congress turns the problem over to a bureau, and then Congress tells the President to hire someone to run that bureau, and he picks out somebody who votes the New Deal ticket, and puts him in that bureau. Just as soon as they get things in such a terrible mess that no one can straighten them out, do they abolish the bureau? No. They superimpose a greater bureau on top of the defunct bureau, and go merrily on.

Mr. President, I say it is time to call a halt. The American people are pretty well fed up with this sort of thing. People in Washington say, "It is too bad to pay such a high price for beef and butter." In time we shall forget what we paid for our beef, our butter, and our bread; but we shall long remember that it was the New Deal outfit which sold us down the river—sold our liberties, sold our freedom, and everything that we held near and dear.

Our wise forefathers who established our Nation, wrote the Constitution of the United States. Aside from the Holy Bible, the Constitution is the greatest document ever penned by man. It is a great document, but we are entirely away from it now. That document guaranteed to the humblest boy or girl at the crossroads or at the grass-roots the opportunity, if he was honest and had talent and ability, if he worked, saved, and studied, to get somewhere in the world. But now it is impossible for them to get above the third rung of the ladder of success unless they have a pull with some bureaucrat or New Dealer in Washington.



Some of our returning servicemen want to get into business. They cannot do it. Some of them write to me from my home State. They cannot get started in business because of Government restrictions. A young man in Fort Worth had been in business for 4 years. When the war came he went into the Army. When he came back he wanted to start his business again and the Government would not let him.

The two best ways to destroy an individual, a corporation, a company, or a government are: First, to stop production; and second, to destroy accumulated savings. Ever since March 4, 1933, that is what this administration has been doing to this Nation. It has been dissipating all our accumulated savings of 150 years and stopping production. It has been working hand-in-hand with the labor racketeers. If production cannot be stopped in any other way, some of the labor racketeers conduct a strike. The administration has played into the hands of all the crooks in the country by permitting black markets.

The situation is deplorable. I wish there were some way by which this information could be brought to the people. Our people place too much confidence in the Government. Consider what happened to Germany when the people placed confidence in a dictator. We know what happened to Italy and to other countries. If we do not have a dictator government here, I do not know what one would call it. If we try to get rid of a little bureaucrat who fixes prices, a furore is started all over the country.

We have been arguing today until 1:28 o'clock in the morning. We cannot root out the bureaucrats. The situation is as bad as it was when we tried to fire three alleged Communists working for the Government. We could not even fire them. If their salaries were stopped, they could not be forced to quit. So I think the situation is serious. I do not like to talk like this, but it is time for someone to speak out and tell the American people the truth about what is going on.

I am not the first man to talk about misplaced confidence in public officials. Read what Thomas Jefferson said about it. "Do not talk to me about men. Bind them down with the chains of the Constitution." When we let a gang of New Dealers get into control of the Government, there to remain during their natural lives, they start scratching one another's backs and trying to keep themselves in office, forgetting the people back home except at election time. Under the present situation it makes very little difference, however, whether a public official is reelected or not. The administration can appoint its pets to places in the bureaus, and they continue on the public pay roll.

I stated that the New Deal outfit was in league with the labor-leader racketeers. What has this Congress done? What has the Senate done? I do not need to tell Senators what the Congress has done. I hark back to the words of the Senator from North Carolina [Mr. BAILEY], one of the most fundamentally sound Senators who has ever graced this Chamber. What did he say? He said that the Congress had transferred and

delegated to the labor leaders of this country the right to tax the people. Under the Constitution only the Congress has the right to tax the people. The Senator from North Carolina says that we have transferred that right. Whether we like it or not, we have transferred that right from the Congress to the labor-leader racketeers. They tax the people. They levy a tax on most every one of our citizens who wears shoes or rides on the railroad. He pays a tax to the Government—and to the labor-leader racketeers. That money goes into the CIO-PAC fund, and from there it goes to support the leaders in this Government who help to enact legislation favorable to the labor-leader racketeers, and to fight those who are opposed to the racketeering which is going on.

The situation became so bad during the war that a man could not get a job working for his own Government unless he joined one of the unions and paid a racketeering fee, under the closed-shop system.

I knew a man who had boys fighting in the armed services. They did not have the weapons with which to fight, and this man could not get a job in factories where weapons were supposed to be made because he was not a member of the union.

So it is not only the OPA, but every other department of the New Deal, that we must fight if we are to recover the American form of government. I say "recover" advisedly, because it is gone. We no longer have our American form of government. Boys on the football field sometimes lose the ball and later recover it. We have lost the ball. I hope we are able to recover it.

This is only one phase of the thing which we are fighting.

I wish to have it distinctly understood that in any remarks I make I am not impugning the motives of any Member of the Senate. I have the highest respect for Senators. I think the Senate has been a rubber stamp for the New Deal for a long time, but Senators have a right to be rubber stamps if they so desire. I am not disputing their rights. Perhaps they are rubber stamps, and perhaps they are not. That does not destroy my respect for a Member of the United States Senate. I am an American, and I will go down the line with anything the Congress says we must do. I will abide by its judgment and decision; but I will stand up and condemn it when I think it is wrong. I have a right to do so.

Two weeks ago when it seemed there was no chance whatever to stop the renewal of OPA I saw a slender chance. I tried to see if there was anything that could be done, and I called for volunteers to help me. I thought that if we could discuss the thing until it died a natural death on June 30 at midnight that would be a great victory. We would have a little freedom once again. It did not seem possible to do it. I called for help, and some Senators responded. I appreciate their help very much.

Afterward I received a little help from an unexpected source, when President Truman vetoed the bill. He had his own reasons for vetoing it. I do not know

what they were. But I am glad he vetoed it. After we had delayed the bill in the Senate as long as possible, he vetoed it; and after he vetoed it there was not time to renew it before it died—thank God! It was dead and buried. The President tried to stampede the Congress into renewing it, but the sturdy old Senate stood its ground. It was not difficult. Things just happened in that way. There was not enough time. Whenever unanimous consent was requested for anything I objected, and continued to object until the OPA was dead. It died on Sunday, which gave us an opportunity to celebrate its death on the Fourth of July, Independence Day.

The House came along and put the rubber stamp on a 20-day extension, and sent the measure over here. We tore it to pieces. I felt that the longer we could enjoy our freedom—freedom to sell a pound of butter, a dozen eggs, or a bushel of wheat in open free exchange—the better off our Nation would be. I thought that if we could persuade a few more Senators to talk we could continue to talk indefinitely. As I have previously stated, one could talk for a year saying bad things about OPA without saying all the bad things that should be said. And I got a lot of support this time. I certainly want to thank every Senator who has talked here; and almost every one of them has talked longer than I have.

So here we are. We have a bill.

In the early stages of this debate I thought if I would attach this stinking old FEPC bill to the OPA bill, I would get some support. I knew some fellows who talked about the FEPC bill before when it was dragged in here. So I thought it might be a good idea to offer the FEPC bill as an amendment to the OPA bill or the OPA joint resolution. I thought, of course, it would be voted for, because the FEPC seems to have some friends around here who thought we should enact the FEPC. I did not think so; I thought the FEPC bill was a bad bill. But I will not quarrel with any Senator who thinks it is a good bill and should be passed, because every Senator has a right to think as he pleases. But I thought if some Senators liked the FEPC bill in January, they might like it in July—these great social supporters and uplifters. The colored folks think they are as good as we are now; but some white folks have told them they are not and that they want to pick them up and put them on a level with them. There is a song about "Will you love me in December as you loved me in May?"—or something like that. I think there should be a parody written on that for the colored folks to sing, to the people who thought we should have an FEPC. It should be entitled "Do You Love Me in July as You Did Last January?" [Laughter.]

Mr. President, I know that almost everyone in the Senate tries to be consistent and tries to be fair. I thought that we had a couple of carcasses that died on June 30; both the FEPC and the OPA died then, at the stroke of midnight on June 30. I thought if we were going out—well, Mr. President, I would not like to speak of Senators as going out as ghouls, because that would not

sound nice—but I thought that if anybody but Senators were going out to the graveyard as ghouls to dig up old Simon Legree OPA, they might as well dig up Little Topsy FEPC at the same time. If they were going to bring back Simon Legree with his whip and his cruel tactics and were going to impose him on the Nation, I thought they might just as well bring back Little Topsy, too. [Laughter.]

I said I intended to offer that amendment, and I certainly did intend to do so, although I am opposed to it. But I thought if it were introduced, there would be a lot of talking on it. But we got a lot of talking without it.

I do not believe I would gain very much now by dropping the FEPC atomic bomb on this wrecked OPA bill that has been torpedoed by all these Senators with all these amendments. I do not think I would gain very much by doing that. So I am just trying to decide whether I should give up the idea of offering the FEPC bill. [Laughter.] I think about all the damage has been done to this OPA bill that can be done, unless we can get the Senate to adopt a motion that in some way would strike out all of the names of the authors of the amendments, and would substitute the name of Taft to all the amendments that are not already called Wherry amendments—just change the name of the amendments, so that we shall have either Wherry amendments or Taft amendments. That might induce Mr. Truman to veto this thing when it gets to him; although I cannot be sure and I do not know. [Laughter.]

Mr. President, I hope he does veto it. He will be pretty smart if he does veto it, because somebody is going to get the blame for this depression that is coming. Somebody is going to get the blame for this trouble that is ahead of us. Somebody is going to get the blame for the advancing prices that are caused by the stopping of production. If Mr. Truman can just say, "Well, that bill is no good. We will just do away with it," then the OPA will not be here any more, and so people cannot blame the Democrats and the OPA when the crash comes along there in November or some other time. I do not know just when it is going to come, but it will come, just as sure as the world. It always does, and it will come this time with intensity.

But the way the situation is now, I think we might just as well go ahead and pass this bill and go home. I am not going to tie this audience up any longer—these sleepy Senators. I am just going to thank each and every one of the Members of the Senate for the part they have played in talking for 12 days. As a matter of fact, we are now in the thirteenth day, I believe. We cannot do much on Saturday anyhow. Maybe our freedom will run on until Monday, or longer. I hope OPA is never renewed.

Mr. President, this business which the Senate has conducted has been legitimate business. The proceedings have been handled in accordance with the rules of the Senate. Senators have spoken their views, and they have voted as they wished to vote. So here is the bill now. I believe there are no more

amendments to be offered. I believe we are up to the point of final passage of this bill.

Now, Mr. President, here is what I hope. I hope that when this bill goes to conference, the conference committee will not make a farce out of our legislative system. I hope the conferees will regard carefully the law which has been written here in the Senate. I am not insinuating that they will not. But I believe in the majesty of the law, and I believe in carrying it on as a sincere arm of our Government. I do not like to see it tampered with. I do not like to see it played with or belittled or dragged down. I wish to have it held up on a high pinnacle. I do not approve of this law at all, and you never could fix up this law so that it would suit me. I believe in the American citizens and I believe they have sense enough to run their own business, and therefore I hope we do not have any OPA. Nevertheless, if we are going to have one, I hope that the wishes as specified in this bill as it goes to the conference committee will be accepted, because those amendments were proposed by sincere honest men and they were voted on by sincere honest men.

So, Mr. President, with those few remarks, if I have made it clear that I am against the OPA and the New Deal, I am going to forego the introduction or the offering of the FEPC amendment. I do not think it is necessary. I think the old bill has been scuttled the way it is, I think it has been damaged. It is no good, anyhow, the way it is; but I am going to hope that it comes out of the conference committee in just the same shape that it goes in there, and that Mr. Truman, our President, will veto it when it gets back down to his house.

Mr. TAYLOR. Mr. President, I believe that the rules of the Senate forbid any Member to cast aspersions upon the motives or integrity of any other Member. I shall not make a point of order at this time; but, even though other Members of the Senate may care to let go unchallenged or to let pass unnoticed the statement of the Senator from Texas [Mr. O'DANIEL] that all the Members of this body cared about were votes, I do not propose to do so. I wish to say that I care nothing for votes as votes. I will go out and fight for votes merely because they give me an opportunity to serve the common people of America in the United States Senate. I will not compromise with the things I believe in, for the sake of votes. If the Senator from Texas, speaking for himself, wishes to say that all the Members of the Senate care about is votes, I will be the last one to deny him that privilege, or to say that it was an untrue statement insofar as he was concerned.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as amended.

Mr. HAWKES. Mr. President, before we proceed to vote, I wish to take only 2 or 3 minutes of the time of the Senate to read into the RECORD at this point an editorial which appeared in the April issue of the Farm Journal. The editorial is entitled "What Is Your Price?" It reads as follows:

#### WHAT IS YOUR PRICE?

If price ceilings are ended, and the OPA closed up on June 30, it may cost you money. You may be one of a great many people who will have to buy things or pay rent for awhile at scarcity prices.

That will hurt, of course. None of us likes to pay out more money and get less.

So, let's ask ourselves a really touchy question: "Is freedom worth any money?"

Some Massachusetts farmers just 171 years ago this April thought freedom was worth more than money. They were angry about unfair taxes. They wanted to be free to buy and sell as they pleased. They refused to let government be their master. They were joined by other farmers and patriots. Led by a Virginia farmer, they finally won. The struggle cost lives and blood-shed and a great deal of money.

Their success made all Americans free. Being free the generations that followed became more prosperous than any people had ever been. No people have ever prospered under a master government.

OPA, like King George III, encroaches on individual freedom, the principle our fighting ancestors made so conspicuously American. Even if OPA policy did not prevent production, and in the long run cost us more than it saves us, Government price-fixing is absolutely wrong in peacetime. It makes Government the master rather than the servant.

Can modern Americans sacrifice for principle? Are we to ask OPA to continue to regulate us, because temporarily a few dollars will be saved? Or do we in 1946 have a little of the same kind of courage to stand for freedom that we gratefully thank our Revolutionary forebears for having had?

Will our grandchildren point with pride to our resistance to encroaching tyranny? Or will they have to regret that we put money above principle?

What is your price for freedom?

The PRESIDING OFFICER (Mr. HUFFMAN in the chair). The question is on agreeing to the committee amendment, as amended.

The committee amendment as amended was agreed to.

The PRESIDING OFFICER. The question now is on the engrossment of the amendment and the third reading of the joint resolution.

The amendment was ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution was read the third time.

The PRESIDING OFFICER. The question is, Shall the joint resolution pass?

Mr. BRIDGES. Mr. President, on this question I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. WAGNER (when his name was called). I have a pair with the Senator from Kansas [Mr. REED]. I understand that if present and voting, he would vote as I intend to vote. I am, therefore, free to vote. I vote "yea."

The roll call was concluded.

Mr. HILL. I announce that the Senator from Florida [Mr. ANDREWS] and the Senator from North Carolina [Mr. BAILEY] are absent because of illness.

The Senator from South Carolina [Mr. MAYBANK] and the Senator from Montana [Mr. WHEELER] are absent by leave of the Senate.

The Senator from Mississippi [Mr. BILBO] and the Senator from Arizona



[Mr. McFARLAND] are detained on public business.

The Senator from Virginia [Mr. BYRD] is detained on official business.

The Senator from New Mexico [Mr. HATCH] is absent on official business, having been appointed a member of the President's Evaluation Commission in connection with the test of atomic bombs on naval vessels at Bikini.

The Senator from Louisiana [Mr. ELLENDER] and the Senator from Maryland [Mr. TYDINGS] are absent on official business, having been appointed to the commission on the part of the Senate to participate in the Philippine independence ceremonies.

The Senator from Texas [Mr. CONNALLY] is absent on official business, attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State. He has a general pair with the Senator from Michigan [Mr. VANDENBERG].

If present and voting, the Senator from Florida [Mr. ANDREWS], the Senator from Virginia [Mr. BYRD], and the Senator from South Carolina [Mr. MAYBANK] would vote "yea."

Mr. WHERRY. The Senator from Michigan [Mr. VANDENBERG] is absent on official business attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State. He has a general pair with the Senator from Texas [Mr. CONNALLY].

The Senator from Massachusetts [Mr. SALTONSTALL] is absent on official business, having been appointed a member of the President's Evaluation Commission in connection with the test of atomic bombs on naval vessels at Bikini.

The Senator from Iowa [Mr. HICKENLOOPER] is absent by leave of the Senate on official business as a member of the Special Committee on Atomic Energy.

The Senator from Nebraska [Mr. BUTLER] is absent on official business, being a member of the Commission appointed to attend the Philippine Independence ceremonies.

The Senator from Minnesota [Mr. SHIPSTEAD] is absent by leave of the Senate.

The Senator from New Hampshire [Mr. TOBEY] is paired with the Senator from Indiana [Mr. WILLIS]. If present the Senator from Indiana would vote "nay," and the Senator from New Hampshire would vote "yea."

The pair of the Senator from Kansas [Mr. REED] has been announced heretofore. If present the Senator from Kansas would vote "yea."

The result was announced—yeas 62, nays 15, as follows:

## YEAS—62

Alken	Gossett	McKellar
Austin	Green	McMahon
Barkley	Hart	Magnuson
Brewster	Hawkes	Mead
Briggs	Hayden	Millikin
Burch	Hill	Mitchell
Capper	Hoey	Morse
Carville	Huffman	Murdock
Chavez	Johnson, Colo.	Murray
Cordon	Johnston, S. C.	Myers
Donnell	Kilgore	O'Mahoney
Downey	Knowland	Overton
Eastland	La Follette	Radcliffe
Ferguson	Langer	Revercomb
Fulbright	Lucas	Russell
George	McCarran	Smith
Gerry	McClellan	Stanfill

Stewart	Thomas, Utah	White
Swift	Tunnell	Wiley
Taft	Wagner	Young
Thomas, Okla.	Walsh	

## NAYS—15

Ball	Capehart	Pepper
Bridges	Guffey	Robertson
Brooks	Gurney	Taylor
Buck	Moore	Wherry
Bushfield	O'Daniel	Wilson

## NOT VOTING—19

Andrews	Hatch	Tobey
Bailey	Hickenlooper	Tydings
Bilbo	McFarland	Vandenberg
Butler	Maybank	Wheeler
Byrd	Reed	Willis
Connally	Saltonstall	
Ellender	Shipstead	

So the joint resolution (H. J. Res. 371), as amended, was passed.

Mr. BARKLEY. I move that the Senate insist on its amendment, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. WAGNER, Mr. BARKLEY, Mr. RADCLIFFE, Mr. DOWNEY, Mr. TOBEY, Mr. TAFT, and Mr. MILLIKIN conferees on the part of the Senate.

Mr. BARKLEY. Mr. President, I ask unanimous consent that the joint resolution just passed be printed in the RECORD with the Senate amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Resolved, That the joint resolution from the House of Representatives (H. J. Res. 371) entitled "Joint resolution extending the effective period of the Emergency Price Control Act of 1942, as amended, and the Stabilization Act of 1942, as amended," do pass with the following amendment:

Strike out all after the resolving clause and insert:

"That section 1 (b) of the Emergency Price Control Act of 1942, as amended, is amended by striking out 'June 30, 1946' and substituting 'June 30, 1947.'

"SEC. 2. Section 6 of the Stabilization Act of 1942, as amended, is amended by striking out 'June 30, 1946' and substituting 'June 30, 1947.'

"SEC. 3. Title I of the Emergency Price Control Act of 1942, as amended, is amended by inserting after section 1 thereof a new section as follows:

"PURPOSES AND POLICIES IN THE TRANSITION PERIOD

"SEC. 1A (a) Objectives: The Congress hereby affirms—

"(1) that because of abnormally excess spending power in relation to the presently available supply of commodities, rapid attainment of production equal to the public demand is one of the necessary and urgent objectives for the prevention of inflation and for the achievement of a reasonable stability in the general level of prices and rents, cost of living and costs of production (including labor costs), for the purposes set forth in section 1 of this act and for further purposes of protecting the real value of benefits provided by law for veterans and their dependents, of keeping faith with purchasers of United States War Bonds, and of making possible a successful transition to a peacetime economy of maximum employment, production, and purchasing power under a system of free enterprise;

"(2) that unnecessary or unduly prolonged controls over prices and rents and use of subsidies would be inconsistent with the return to such a peacetime economy and would tend to repress and prevent the at-

tainment of this and the other goals herein declared; and

"(3) that adequate prices are necessary stimulants to the production thus desired and the expeditious attainment of said goals.

"(b) Declaration of decontrol policy: Therefore, it is hereby declared to be the policy of the Congress that the Office of Price Administration, and other agencies of the Government, shall use their price, subsidy, and other powers to promote the earliest practicable balance between production and the demand therefor of commodities under their control, and that the general control of prices and the use of subsidy powers shall, subject to other specific provisions of this act, be terminated as rapidly as possible consistent with the policies and purposes set forth in this section and in no event later than June 30, 1947, and on that date the Office of Price Administration shall be abolished.

"(c) Recommendations by the President to the Congress: (1) As soon as practicable after the enactment of this section and in any event on or before January 15, 1947, the President shall recommend to the Congress such further legislation as in his judgment is needed to establish monetary, fiscal, and other policies which are adequate to supplement the control of prices and wages during the balance of the fiscal year 1947, and to insure that general control of prices and wages can be terminated by the end of that fiscal year without danger of inflation thereafter.

"(2) On or before April 1, 1947, the President shall report to the Congress what, if any, commodities or classes of commodities, including housing accommodations, are in such critically short supply as to necessitate, in his judgment, the continuance of the powers granted by this act as to them after June 30, 1947, together with his recommendations as to established departments or agencies of the Government (other than the Office of Price Administration) which should be charged with the administration of such powers.

"(d) Decontrol of nonagricultural commodities: (1) On or before December 31, 1946, the Administrator shall decontrol all nonagricultural commodities not important in relation to business costs or living costs, and prior to that date shall proceed with such decontrol as rapidly as, in his judgment, will be consistent with the avoidance of a cumulative and dangerous unstabilizing effect. In no event shall maximum prices be maintained after December 31, 1946, for any nonagricultural commodity or class of commodities unless the same has been expressly found by the Administrator to be important in relation to business costs or living costs.

"(2) The Administrator shall provide for the prompt removal of maximum prices in the case of any nonagricultural commodity whenever the supply thereof exceeds or is in approximate balance with the demand therefor (including appropriate inventory requirements).

"(3) Whenever, after a reasonable test period, it appears that the supply of a nonagricultural commodity which has been decontrolled is no longer consistent with the applicable decontrol standard, the Administrator, with the advance consent in writing of the Price Decontrol Board established under subsection (h), shall reestablish such maximum prices for the commodity, consistent with applicable provisions of law, as in his judgment may be necessary to effectuate the purposes of this act.

"(4) Nothing contained in this act shall be construed to authorize the Administrator to impose or maintain price controls with respect to petroleum and petroleum products processed or manufactured in whole or substantial part from petroleum, unless the Price Decontrol Board established under subsection (h) shall have first determined and certified in writing to the Administrator

that the supply of crude petroleum or the particular petroleum product on which price controls are to be imposed or maintained, is insufficient to meet the domestic consumption demand therefor.

"(e) Agricultural commodities: (1) On the first day of the first calendar month which begins more than 30 days after the date of enactment of this section, the Secretary of Agriculture shall certify to the Price Administrator each agricultural commodity which such Secretary determines to be in short supply. Thereafter, on the first day of each succeeding calendar month the Secretary shall certify modifications of such certification by adding other agricultural commodities which have become in short supply and by removing from such certification such commodities which he determines are no longer in short supply. No maximum price shall be applicable with respect to any agricultural commodity during any calendar month which begins more than 30 days after the date of enactment of this section, unless such commodity is certified to the Price Administrator under this paragraph as being in short supply.

"(2) (A) Whenever the Secretary of Agriculture determines that maximum prices applicable to any agricultural commodity which is in short supply are impeding the necessary production of such commodity, he may recommend to the Price Administrator such adjustments in such maximum prices as the Secretary determines to be necessary to attain the necessary production of such commodity.

"(B) The Secretary of Agriculture by December 31, 1946, shall recommend to the Price Administrator the removal of maximum prices on all agricultural commodities, whether or not in short supply, not important in relation to business costs or living costs, and prior to that date shall make such recommendations as rapidly as, in his judgment, will be consistent with the avoidance of a cumulative and dangerous unstabilizing effect.

"(C) Within 10 days after the receipt of any recommendation under this subsection for the adjustment of maximum prices applicable to any agricultural commodity, or for the removal of maximum prices on agricultural commodities not important in relation to business costs or living costs, the Price Administrator shall adjust or remove such maximum prices in accordance with such recommendations.

"(3) Whenever the Secretary of Agriculture determines that an agricultural commodity with respect to which maximum prices have been removed is in short supply and that the reestablishment of maximum prices with respect thereto is necessary to effectuate the purposes of this act, the Secretary, with the written consent of the Price Decontrol Board, may recommend to the Administrator, and the Administrator shall establish, such maximum prices with respect to such commodity, consistent with applicable provisions of law, as in the judgment of the Secretary are necessary to effectuate the purposes of this act.

"(4) For the purposes of this section (except subparagraph (6) of this subsection (d))—

"(A) an agricultural commodity shall be deemed to be in short supply unless the supply of such commodity equals or exceeds the requirements for such commodity for the current marketing season;

"(B) the term "agricultural commodity" shall be deemed to mean any agricultural commodity and any food or feed product processed or manufactured in whole or substantial part from any agricultural commodity.

"(5) Notwithstanding any other provision of this or any other law, except as provided in subsection (h), the Secretary of Agriculture, in exercising his functions under this

act, shall not be subject to the direction or control of any other appointive officer or agency in the executive branch of the Government, and no such officer or agency shall undertake to exercise any direction or control over the Secretary of Agriculture with respect to the exercise of such functions. The Secretary of Agriculture may at any time withdraw his approval of any action with respect to which his approval is required under this act, and upon the withdrawal of his approval such action shall be rescinded.

"(6) No maximum price and no regulation or order under this act or the Stabilization Act of 1942, as amended, shall be applicable with respect to any agricultural commodity, or any service rendered with respect to any agricultural commodity, unless a regulation or order establishing a maximum price with respect to such commodity had been issued under this act prior to April 1, 1946.

"(7) No maximum price and no regulation or order under this act or the Stabilization Act of 1942, as amended, shall be applicable with respect to livestock, poultry, or eggs, or food or feed products processed or manufactured in whole or substantial part from livestock, poultry, or eggs.

"(8) No maximum price and no regulation or order under this act or the Stabilization Act of 1942, as amended, shall be applicable with respect to cottonseed, soy beans, or products processed or manufactured in whole or substantial part from cottonseed or soy beans.

"(9) No maximum price and no regulation or order under this act or the Stabilization Act of 1942, as amended, shall be applicable with respect to milk, or food or feed products processed or manufactured in whole or substantial part from milk.

"(10) No maximum price and no regulation or order under this act or the Stabilization Act of 1942, as amended, shall be applicable with respect to grains for which standards have been established under the United States Grain Standards Act, as amended, and any livestock or poultry feed processed or manufactured in whole or substantial part therefrom.

"(11) No maximum price and no regulation or order under this act or the Stabilization Act of 1942, as amended, shall be applicable with respect to leaf tobacco and tobacco products processed or manufactured in whole or a substantial part therefrom.

"(12) In establishing maximum prices for sales of finished woven fabrics made primarily of cotton fiber or for the sales of apparel made therefrom it shall be unlawful for the Administrator to establish or maintain differentials in the method of determining the basic grey-goods cost or the finished-woven-fabrics cost to which a mark-up is to be applied based on the degree of integration of the seller.

"(f) Saving provision: Nothing in this section shall limit the Administrator's authority to remove maximum prices for any nonagricultural commodity, or any agricultural commodity with the approval of the Secretary of Agriculture, at an earlier time than would be required by this section, if in his judgment or in the judgment of the Secretary of Agriculture, as the case may be, such action would be consistent with the purposes of this section.

"(g) Petitions for decontrol: (1) If in the judgment of the industry advisory committee appointed by the Administrator in accordance with section 2 (a) of this act to advise and consult with respect to a commodity, the standards set forth in this section require the removal of maximum prices for such commodity, it may file a petition for the removal of such maximum prices. In the case of any nonagricultural commodity, such petition shall be filed with the Administrator in accordance with regulations prescribed by him. In the case of agricultural commodities, such petition shall be filed with

the Secretary of Agriculture in accordance with regulations prescribed by him and shall request that he make an appropriate certification or recommendation to the Price Administrator. The petition shall specifically state the grounds upon which the committee believes such action to be required and shall be accompanied by affidavits or other written evidence in support thereof.

"(2) Within 15 days after receiving a petition filed in accordance with the provisions of this subsection, the Administrator or the Secretary of Agriculture, as the case may be, shall either grant the petition or inform the committee in writing why in his judgment the standards for decontrol stated in subsections (d) and (e) have not been satisfied with respect to the commodity involved. If the petition is not granted in full, the Administrator or the Secretary, as the case may be, shall, within 10 days after the receipt of a request by the committee for further consideration of its petition, hold a hearing before himself or before a deputy administrator (or, in the case of the Secretary, before such officer as he may designate) at which the committee may present its argument in support of the petition. The Consumers' Advisory Committee and the Labor Advisory Committee appointed by the Administrator shall be given notice of any such hearing and an opportunity to present their views with respect to the petition and may, not later than 5 days prior to such hearing, present in writing evidence relating thereto. Within 15 days after such hearing, the Administrator or the Secretary, as the case may be, shall either grant the petition in full or furnish the industry advisory committee with a statement in writing of his reasons for denying it in whole or in part together with a statement of any economic data or other facts of which he has taken official notice in connection with such denial.

"(3) At any time within 30 days after the denial in whole or in part, following a hearing, of a petition filed under this subsection, the petitioning industry advisory committee may petition the Price Decontrol Board established under subsection (h) for a review of the action of the Administrator or the Secretary of Agriculture. If the Administrator or the Secretary, as the case may be, fails to act upon a petition within the time prescribed by paragraph (2), the industry advisory committee may, at any time within 30 days after the expiration of the time so prescribed, petition the Price Decontrol Board for the removal of maximum prices on the commodity involved.

"(4) Nothing in this section shall be construed to take away or impair any right of any person to protest, in accordance with the provisions of sections 203 and 204 of this act, the further maintenance of maximum prices for a commodity under the standards of subsection (d) or (e): *Provided*, That the filing of such a protest or of a petition under paragraph 3 of this subsection shall not be grounds for staying any proceeding brought pursuant to section 205 of this act or section 37 of the Criminal Code, and no retroactive effect shall be given to any judgment setting aside a provision of a regulation, order, or price schedule under the standards set forth in this section.

"(h) Price Decontrol Board: (1) There is hereby established as an independent agency in the executive branch of the Government a Price Decontrol Board, to be composed of three members appointed by the President by and with the advice and consent of the Senate. Not more than two members of the Board shall be members of the same political party. Two members of the Board shall constitute a quorum, and a vacancy in the membership of the Board shall not impair the power of the remaining members to exercise its functions. Members of the Board shall receive compensation at the rate of \$12,000 a year.



"(2) The Board shall appoint and fix the compensation of a secretary for the Board and such other officers and employees as may be necessary to enable it to perform its functions. The Board may make such expenditures as may be necessary for performing its functions. The Board may, with the consent of the head of the department or agency concerned, utilize the facilities, services, and personnel of other agencies or departments of the Government. The Board shall maintain an office in charge of its secretary in the District of Columbia, which shall be open on all business days for the receipt of petitions for review and the transaction of other business of the Board. The Board shall prescribe regulations and procedures for the conduct of its business which will provide for summary disposition, with the utmost expedition consistent with sound decision, of petitions filed with the Board.

"(3) A petition made under subsection (g) (3) shall specifically state the grounds upon which the petitioning industry advisory committee believes that maximum prices on the commodity involved should be removed. A copy of such petition shall forthwith be served on the Administrator or the Secretary, as the case may be, who shall within such time as may be fixed by the Board certify and file with the Board a transcript of such portions of the proceedings in connection with the petition under subsection (g) as are material. Such transcript shall include a statement in writing of the Administrator's or Secretary's reasons for believing that maximum prices on the commodity involved should not be removed, together with a statement of any economic data or other facts of which he has taken official notice. At the earliest practicable time the Board shall conduct a hearing upon the petition, at which the Administrator or the Secretary, as the case may be, and the committee shall be given an opportunity to present their views and argument orally or in writing. If application is made to the Board by either party for leave to introduce additional evidence, the Board may permit such evidence to be introduced or filed with it if it deems it material and determines that such evidence could not reasonably have been offered or included in the proceedings under subsection (g). At the earliest practicable time after the hearing on any petition, the Board shall make and issue an order specifying the extent, if any, to which maximum prices on the commodity involved shall be removed. The Board shall order the removal of such maximum prices if and to the extent that in its judgment the standards of decontrol stated in subsection (d) or (e) have been satisfied with respect to the commodity involved. The Administrator shall remove maximum prices with respect to the commodity in question within such time and to such extent as shall be specified in the order of the Board. Orders of the Board shall not be subject to modification or review by any other department or agency or by any court.

"(4) No petition may be filed with the Board with respect to any commodity within a period of 3 months after the issuance of an order of the Board with respect to the same commodity.

"(5) The members of the Board may serve as such without regard to the provisions of sections 109 and 113 of the Criminal Code (18 U. S. C., secs. 198 and 203) or section 19 (e) of the Contract Settlement Act of 1944, except insofar as such sections may prohibit any such member from receiving compensation in respect of any particular matter which is within the jurisdiction of the Board.

"(6) If the number of petitions filed with the Board should at any time become so great as to prevent the Board from promptly conducting hearings upon such petitions, the

Board shall appoint such hearing commissioners as it deems necessary in order to expedite the transaction of its business. The Board may authorize one or more of the hearing commissioners so appointed to conduct the hearing upon any petition under this subsection and to exercise the authority of the Board with respect to such hearing. After a hearing conducted before a hearing commissioner, the commissioner shall make recommendations consistent with this subsection to the Board concerning its action with respect to the petition. If the Board approves such recommendations, it shall issue an order in conformity therewith. If the Board does not approve such recommendations, the Board may issue such order as it deems proper upon the record or may conduct a new hearing upon the petition before the Board.

"Sec. 4. Section 2 (a) of the Emergency Price Control Act of 1942, as amended, is amended by adding at the end thereof the following new sentence: 'In administering the provisions of this subsection relating to the establishment of industry advisory committees, the Administrator, upon the request of a substantial portion of the industry in any region, shall promptly appoint a regional industry advisory committee for such region.'

"Sec. 5. Section 2 (b) of the Emergency Price Control Act of 1942, as amended, is amended by adding at the end thereof a new paragraph as follows:

"After the date upon which this paragraph takes effect, the Administrator, when establishing rent ceilings on hotels or when passing upon applications for adjustments of rent ceilings on hotels, is authorized to take into consideration the distinction between transient hotels and residential or apartment hotels, including the difference in the investment, operation, expenses, and mechanical details of operation between the transient hotels and the residential and apartment hotels, and is directed to classify separately by regulation (1) transient hotels, (2) residential and apartment hotels, and (3) tourist courts, rooming houses, and boarding houses."

"Sec. 6. (a) The last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944, shall not apply with respect to operations for the fiscal year ending June 30, 1947, of the Commodity Credit Corporation and the Reconstruction Finance Corporation: *Provided*, That with respect to such corporations and such operations, the making of subsidy payments and buying for resale at a loss shall be limited as follows:

"Payments and purchases may be made with respect to operations for the fiscal year ending June 30, 1947, which involve subsidies and anticipated losses as follows:

"(1) With respect to rubber produced in Latin America and Africa for which commitments were made before January 1, 1946, \$31,000,000.

"(2) With respect to copper, lead, and zinc, in the form of premium price payments, \$100,000,000: *Provided*, That (A) premiums shall be paid on ores mined or removed from mine dumps or tailing piles before July 1, 1947, though shipped and/or processed and marketed subsequently thereto; and that (B) the premium price plan for copper, lead, and zinc shall be extended until June 30, 1947, on terms not less favorable to the producer than heretofore and (1) adjustments shall be made to encourage exploration and development work, (2) adequate allowances shall be made for depreciation and depletion, and (3) all classes of premiums shall be noncancelable unless necessary in order to make individual adjustments of income to specific mines.

"(3) With respect to purchases by the Reconstruction Finance Corporation, of such tin ores and concentrates as it deems neces-

sary to insure continued operation of the Texas City tin smelter.

"(4) With respect to noncrop programs, 1946 crop program operations and the 1947 crop program operations relating to sugar, flour, petroleum, petroleum products, and other domestic and imported materials and commodities, \$869,000,000: *Provided*, That the operations authorized under this subparagraph (4) shall be progressively reduced, shall be terminated not later than April 1, 1947, and shall not cost more than \$629,000,000 during the last 6 months of the calendar year 1946. Operations shall not be carried out under authority of this subparagraph (4) with respect to any commodity for any period during which maximum prices on such commodity are not in effect under the Emergency Price Control Act of 1942, as amended, or the Stabilization Act of 1942, as amended: *Provided*, That subsidies with respect to petroleum produced from stripper wells shall be continued at not to exceed the existing rates. No new subsidy or purchase and sale operations shall be undertaken under the authority of this subparagraph (4), and no change shall be made in the basis of any existing operations for which funds are made available under this subparagraph which will increase the rate of any subsidy or the rate of loss incurred with respect to any commodity.

"(b) When any direct or indirect subsidy to an industry is reduced or terminated, any maximum price applicable to the product affected shall be correspondingly increased, except in the case of transportation subsidies and differential subsidies to high-cost producers.

"(c) Where roll-back subsidies have previously been or presently are in effect, and have been discontinued, or shall hereafter be discontinued, the industries which have received such subsidies shall be permitted to increase their ceiling prices at least an amount equivalent to the amount of the discontinued roll-back subsidy. Such price increase shall become effective either upon discontinuance of the roll-back subsidy or upon passage of this act, whichever date is the later. For the purposes of this paragraph, the term 'roll-back subsidies' means subsidy payments, or purchases and sales of a commodity at a loss by the Government of the United States (including any Government-owned or controlled corporation), or contracts therefor, which resulted directly or indirectly in the lowering of ceiling prices below the maximum price levels established by the Office of Price Administration prior to the institution of the subsidy payments or purchases and sales at a loss, or the execution of the contracts therefor, whichever date is the earlier.

"(d) Nothing in this section shall be construed to affect the provisions of Public Laws 30, 88, 164, and 328 of the Seventy-ninth Congress, or to prevent the use of the sums authorized in such laws to fulfill obligations incurred prior to July 1, 1946, with respect to operations prior to such date.

"(e) Notwithstanding any of the foregoing provisions of this section 6, 1946 and 1947 crop program operations with respect to sugar, may, while maximum prices are in effect with respect to sugar, be continued until such crops are processed and distributed, and the cost of 1946 crop program operations with respect to sugar may be charged to the funds authorized by Public Law 30, Seventy-ninth Congress, as amended by Public Law 328, Seventy-ninth Congress. For the purpose of this section 6, no subsidy program operation on sugar shall be considered to be a new subsidy: *Provided*, That Commodity Credit Corporation or any other Government agency shall not absorb any increase in the price paid for Cuban sugar over 3.675 cents per pound, raw basis, f. o. b. Cuba, as being paid for such sugar, in Cuba, on June 30, 1946.

"(f) Nothing in this section shall be construed as a limitation upon operations authorized by the Veterans' Emergency Housing Act of 1946 (Public Law 388, 79th Cong.).

"Sec. 7. Section 2 (i) of the Emergency Price Control Act of 1942, as amended, is amended to read as follows:

"(i) For the purposes of this act and the Stabilization Act of 1942, as amended, fish and other sea food shall be deemed to be agricultural commodities, and the commodities processed or manufactured in whole or substantial part from fish or other sea foods shall be deemed to be manufactured in whole or substantial part from agricultural commodities: *Provided*, That the provisions of section 3 of the Stabilization Act of 1942, as amended, shall not be applicable with respect to fish and other sea foods and commodities processed or manufactured in whole or substantial part therefrom, but the maximum price established for any fish or sea food commodity or for any commodity processed or manufactured in whole or substantial part therefrom shall not be below the average price thereof in the year 1942."

"Sec. 8. Section 2 (j) of the Emergency Price Control Act of 1942, as amended, is amended by inserting before the period at the end thereof a semicolon and the following: 'or (5) as authorizing any regulation or order of the Administrator to fix a quantity or percentage of any product which any seller may sell to any buyer.'

"Sec. 9. Section 2 (k) of the Emergency Price Control Act of 1942, as amended, is amended by inserting the words 'or any operator of any service establishment' after the words 'seller of goods at retail.'

"Sec. 10. Section 2 of the Emergency Price Control Act of 1942, as amended, is amended by adding at the end thereof the following new subsections:

"(o) No maximum price shall be applicable to any item served in any restaurant or other eating establishment if such item consists in whole or major part of a commodity to which no maximum price is applicable with respect to sales to restaurants and other eating establishments, unless the maximum price of such item, when sold by such restaurant or other eating establishment, is determined, under the applicable maximum price regulation or order, by the addition of a customary margin to the acquisition cost of such item.

"(p) After July 1, 1946, no maximum price regulation or order shall be issued or continued in effect requiring any seller to limit his sales by any weighted average price limitation based on his previous sales.

"(q) In the case of any retail industry, the principal sales of which consisted during the calendar years 1939 to 1941, inclusive, of sales of a commodity or commodities the production or retail distribution of which has been reduced, for a period of 3 years beginning on or after March 2, 1942, by 75 percent or more below such production or retail distribution for the calendar years 1939 to 1941, inclusive, as a result of the operation of any governmental regulation or restriction, the Administrator shall not, in establishing maximum prices under this section, reduce established peacetime retail trade discounts or mark-ups or dealer handling charges for any such commodity before the retail unit sales of such commodity for a period of 6 months shall have reached the average annual retail unit sales thereof for the calendar years 1939 to 1941, inclusive.

"(r) In the case of any wholesale industry, the principal sales of which consisted during the calendar years 1939 to 1941, inclusive, of sales of a commodity or commodities, the production or wholesale distribution of which has been reduced for a period of 3 years beginning on or after March 2, 1942, by 75 percent or more below such production or wholesale distribution

for the calendar years 1939 to 1941, inclusive, as the result of the operation of any governmental regulation or restriction, the Administrator shall not in establishing maximum prices under this section reduce established wholesale trade discounts or normal wholesale mark-ups for any such commodity prevailing on March 2, 1942, before the wholesale unit sales of such commodity for a period of 6 months shall have reached the average annual wholesale unit sales thereof for the calendar years 1939 to 1941, inclusive.

"(s) No maximum price regulation or order shall require the reduction of the established peacetime discounts or mark-ups for the sale of any manufactured or processed commodity (treating as a single commodity for the purposes of this paragraph all commodities in a line of related commodities which, for the purpose of establishing manufacturers' and processors' maximum prices, have been placed by the Office of Price Administration under a single regulation) if the retail, wholesale, or other distributive trade selling such commodity shows that the commodity constituted approximately one-half or more of the gross sales income of a majority of the persons engaged in such trade in 1945 and that, in the first quarter of 1946, the deliveries of such commodity to such distributive trade were less than 100 percent of the deliveries thereof in the corresponding quarter of 1945.

"(t) In establishing maximum prices applicable to wholesale or retail distributors, the Administrator shall allow for the current cost of acquisition of any commodity, plus such percentage discount or mark-up as was in effect on June 29, 1946.

"(u) After the date upon which this subsection takes effect, no maximum price shall be established or maintained, under this act or under any other provision of law, with respect to any new commodity when the Administrator upon application finds that its use, in the production, manufacturing, or processing of any commodity or commodities, without increasing the cost to the ultimate user, either increases the life or reduces the cost of production, manufacture, or processing of the commodity or commodities produced, manufactured, or processed. As used in this subsection the term 'new commodity' means a commodity which was not commercially or industrially available prior to January 30, 1942."

"Sec. 11. The Emergency Price Control Act of 1942, as amended, is amended by inserting after section 5 thereof the following new section:

"Sec. 6. (a) For the purposes of this section the base period shall be the calendar year 1940, or in the case of an industry customarily keeping its accounts on a fiscal-year basis, the industry's fiscal year 1940.

"(b) In order that adequate general price levels shall be established for all commodities to bring about maximum production and employment, no maximum prices shall be established or maintained for any product of a producing, manufacturing, or processing industry (including any industry furnishing service or transportation the charges for which are now subject to the Administrator's control) which do not return on the average to the industry not less than the average dollar price of such product during the base period, plus the average increase in cost of producing, manufacturing, or processing the same accruing since the base period, but the maximum prices for a product shall be deemed in compliance with this standard if such prices on the average are equal to the average current total cost of the product plus the industry's average over-all profit margin on sales in the base period: *Provided, however*, That in the case of logs, lumber, and lumber products, the maximum prices shall be established at a level which will permit producers of at least 90 percent of the pro-

duction of such logs, lumber, or lumber products to recover their current costs of production. The ceiling price of timber used or the current market price shall be considered the cost of such timber.

"(c) For the purpose of determining costs under this section, currently or for the base period, the Administrator shall ascertain the costs of a reasonable number of typical producers, manufacturers, or processors and shall follow accepted methods of accounting and such fair and reasonable methods of calculation as he shall establish by regulation, including reasonable adjustments for conditions resulting from abnormal volume of production.

"(d) Maximum prices established hereunder shall not be held invalid on account of their failure to return his costs to any particular member of any group involved.

"(e) Nothing herein shall nullify the power of the Administrator to make reasonable adjustments and exceptions in individual cases under the provisions of section 2 (c) of this act.

"(f) If the maximum prices of a product on the average equal its average current total costs, nothing herein shall require the adjustment of such maximum prices for such period, if any, as it appears that a substantial expansion in the production or use of the product would not be practicable or would be practicable only by reducing the production of at least equally needed products.

"(g) As used in this section, 'product' shall mean any major item, or any article different in character from other products of the industry; but all the styles, models, or other varieties of any such item or article shall be considered as one product.

"(h) The provisions of this section shall not apply with respect to any maximum price applicable to manufacturers or processors in the case of products made in whole or major part from cotton or cotton yarn or wool or wool yarn.

"(i) Nothing in this section shall be construed to require any adjustment in maximum prices except pursuant to an application filed under this paragraph; or be construed to invalidate any maximum price unless there is a failure to make adjustments, in accordance with the procedure prescribed in this paragraph, to such extent as may be required to comply with the standards set forth in this section. Any industry advisory committee may apply to the Administrator for the adjustment of the maximum prices applicable to any product in accordance with the standards set forth in this section, and shall present with the application comprehensive evidence with respect to costs and prices. The Administrator shall consider the evidence so presented and all evidence otherwise available to him and, within 60 days after the receipt of such application, he shall make the adjustments in maximum prices required by this section, or, if he finds that no such adjustments are required, he shall deny the application. If the Administrator fails to make the adjustments in the maximum prices for any product required by this section or to deny the application within the 60-day period prescribed in this paragraph, the industry advisory committee concerned may petition the Emergency Court of Appeals, created pursuant to section 204, for relief; and such court shall have jurisdiction by appropriate order to require the Administrator to make such adjustments or deny such application within such time, not to exceed 30 days, as may be fixed by the court. If the Administrator fails to make such adjustments or deny such application within the time so fixed, no maximum price shall thereafter be applicable with respect to any sale of such product by any seller."

"Sec. 12. (a) The second sentence of section 205 (e) of the Emergency Price Control Act of 1942, as amended, is amended to



read as follows: 'In any action under this subsection, the seller shall be liable for reasonable attorney's fees and costs as determined by the court, plus whichever of the following sums is greater: (1) Such amount not more than three times the amount of the overcharge, or the overcharges, upon which the action is based as the court in its discretion may determine, or (2) an amount not less than \$25 nor more than \$50, as the court in its discretion may determine: *Provided, however*, That such amount shall be the amount of the overcharge or overcharges if the defendant proves that the violation of the regulation, order, or price schedule in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation.'

"(b) Section 205 (e) of the Emergency Price Control Act of 1942, as amended, is amended by adding at the end thereof the following new paragraphs:

"The Administrator may not institute any action under this subsection on behalf of the United States, or, if such action has been instituted, the Administrator shall withdraw the same—

"(1) if the violation arose because the person selling the commodity acted upon and in accordance with the written advice and instructions of the Administrator or any regional administrator or district director of the Office of Price Administration; or

"(2) if the violation arose out of the sale of a commodity to any agency of the Government, or to any public housing authority whose operations are supervised or financed in whole or in part by any agency of the Government, and such sale was made pursuant to the lowest bid made in response to an invitation for competitive bids.

"The Administrator shall not institute or maintain any enforcement action under this subsection against any manufacturer of apparel items where the Administrator shall determine (1) that the transactions on which such proceeding is based consisted of the manufacturer's selling such an item at his published March 1942 price list prices instead of his March 1942 delivered prices, and (2) that the seller's customary pricing patterns for related apparel items would be distorted by a requirement that his ceilings be the March 1942 delivered prices. The Administrator's determinations under this paragraph shall be subject to review by the Emergency Court of Appeals in accordance with sections 203 and 204.'

"Sec. 13. The third sentence of paragraph (2) of section 205 (f) of the Emergency Price Control Act of 1942, as amended, is amended to read as follows: 'If any such court finds that such person has violated any of the provisions of such license, regulation, order, price schedule, or requirement after the receipt of the warning notice, such court shall issue an order suspending the license to the extent that it authorizes such person to sell the commodity or commodities in connection with which the violation has occurred, or to the extent that it authorizes such person to sell any commodity or commodities with respect to which a regulation or order issued under section 2, or a price schedule effective in accordance with the provisions of section 206, is applicable; but no suspension shall be for a period of more than 12 months, and if the defendant proves that the violation in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation, then in that event no suspension shall be ordered or directed.'

"Sec. 14. Section 3 of the Stabilization Act of 1942, as amended, is amended by adding at the end thereof the following new paragraph:

"On and after the date of the enactment of this paragraph, it shall be unlawful to establish, or maintain, any maximum price applicable to manufacturers or processors,

for any major item in the case of products made in whole or major part from cotton or cotton yarn or wool or wool yarn, unless the maximum price for such major item is fixed and maintained at not less than the sum of the following:

"(1) The cotton or wool cost (which must be computed at not less than the parity price or the current cost, whichever is greater, of the grade and staple of cotton or wool used in such item, delivered at the mill);

"(2) A weighted average of mill conversion costs; and

"(3) A reasonable profit (which shall not be less than a weighted average profit for each unit of such item equal to the weighted average of the profit earned on an equivalent unit of such item during the period 1939 to 1941, both inclusive).'

"Sec. 15. The Secretary of Agriculture, through the Commodity Credit Corporation or otherwise, is hereby authorized to allocate feed which he controls to feeders of livestock and poultry in domestic areas which he may determine to be in an emergency shortage condition with respect to animal and poultry feed.

"Sec. 16. (a) In the event producers of wheat are required by an order issued pursuant to the Second War Powers Act, 1942, as amended, to sell all or any part of wheat delivered to an elevator prior to April 1, 1947, the Commodity Credit Corporation shall offer to purchase the wheat so required to be sold at a price determined as follows: The purchase price paid for the wheat shall be the market price at the point of delivery as of any date the producer may elect between the date of delivery and March 31, 1947, inclusive: *Provided, however*, That only one election may be made for each lot of wheat: *And provided further*, That the producer may not elect a date prior to the date on which he mails a written notice to Commodity Credit Corporation of his election. In the event the producer does not notify Commodity Credit Corporation in writing by March 31, 1947, of his election of a date for determining the market price, such date shall be deemed to be March 31, 1947.

"(b) Any producer of wheat who, prior to the date of enactment of this act, has sold any wheat pursuant to the requirements of paragraph (ee) (1) of War Food Order No. 144, may, at any time within 30 days after the date of enactment of this act, pay to the Commodity Credit Corporation a sum equal to the amount of which he sold such wheat. Any producer paying any such sum to the Commodity Credit Corporation shall be deemed to have sold and delivered to the Commodity Credit Corporation as of the date he pays such sum a quantity of wheat equal in grade and quality to the quantity sold by him pursuant to such requirements and the purchase price to be paid to him for such wheat shall be determined in the same manner as in the case of a sale of wheat to the Commodity Credit Corporation pursuant to the provisions of subsection (a) of this section.

"Sec. 17. This act may be cited as the 'Price Control Extension Act of 1946.'

"Sec. 18. (1) The provisions of this act shall take effect as of June 30, 1946, and (2) all regulations, orders, price schedules, and requirements under the Emergency Price Control Act of 1942, as amended, and the Stabilization Act of 1942, as amended, which were in effect on June 30, 1946, shall be in effect in the same manner and to the same extent as if this act had been enacted on June 30, 1946, and (3) any proceeding, petition, application, or protest which was pending under the Emergency Price Control Act of 1942, as amended, or the Stabilization Act of 1942, as amended, on June 30, 1946, shall be proceeded with and shall be effective in the same manner and to the same extent as if this act had been enacted on June 30, 1946: *Provided*, That in any case in which

the Emergency Price Control Act of 1942 (except secs. 204 and 205), as amended, or the Stabilization Act of 1942 (except secs. 8 and 9), as amended, or any regulation, order, or requirement under either of such acts, prescribes any period of time within which any act is required or permitted to be done, and such period had commenced but had not expired on June 30, 1946, such period is hereby extended for a number of days equal to the number of days from July 1, 1946, to the date of enactment of this act, both inclusive: *Provided further*, That no act or transaction occurring subsequent to June 30, 1946, and prior to the date of enactment of this act shall be deemed to be a violation of the Emergency Price Control Act of 1942, as amended, or the Stabilization Act of 1942, as amended, or of any regulation, order, price schedule, or requirement under either of such acts: *Provided further*, That insofar as the provisions of this act require any change in any maximum price, such provisions shall not be deemed to require such change to be made before the thirtieth day following the date of enactment of this act.

"Sec. 19. (a) Whenever any State has established or may hereafter establish provisions for the control and regulation of the rent of housing accommodations within its boundaries and the Governor of any State notifies the Administrator that such regulation and control are in effect, no provision of the Emergency Price Control Act of 1942, as amended, and no regulations, orders, or requirements thereunder (except as to offenses committed prior thereto), relating to the establishment and maintenance of maximum rents under such act, as amended, shall be applicable within such State.

"(b) The Administrator is authorized and directed to cooperate with any such State to the fullest extent; and, to that end, he shall make available to the proper officials of such State such records and other information in his possession which may be requested by such State to enable it to effectively control and regulate such rents.

"Sec. 20. Subsection (a) of section 3 of the Emergency Price Control Act of 1942, as amended, is amended by striking out the period at the end of the subsection and inserting in lieu thereof the following: '*Provided*, That no maximum price shall be imposed on pulpwood in any State at a price less than 100 percent of the highest maximum price established for pulpwood derived from trees of the same genus in any other State, zone, or region, except that fair and equitable differentials may be established between peeled and rough pulpwood.'

#### ADDITIONAL BILLS INTRODUCED

Additional bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

(Mr. LANGER introduced Senate bill 434, to increase the subsistence allowances for veterans receiving educational benefits under the Servicemen's Readjustment Act of 1944, as amended, which was referred to the Committee on Finance, and appears under a separate heading.)

By Mr. TAFT:

S. 2435. A bill for the relief of Mrs. Yoshi Yokoya; to the Committee on Immigration.

#### REORGANIZATION PLAN NO. 3

Mr. McCARRAN. Mr. President, I move that the Senate proceed to the consideration of Senate Concurrent Resolution 66.

The motion was agreed; and the Senate proceeded to consider the concurrent resolution, which had been reported adversely by the Committee on the Judiciary.

Senate Concurrent Resolution 66 is as follows:

*Resolved by the Senate (the House of Representatives concurring), That the Congress does not favor the Reorganization Plan No. 3 transmitted to Congress by the President on May 16, 1946.*

#### EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

#### EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. HUFFMAN in the chair) laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

#### EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. HAYDEN, from the Committee on Territories and Insular Affairs:

Ingram M. Stainback, of Hawaii, to be Governor of the Territory of Hawaii. (Reappointment.)

By Mr. CHAVEZ, from the Committee on Post Offices and Post Roads:

Sundry postmasters.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nominations on the calendar.

#### FOREIGN SERVICE

The legislative clerk read the nomination of George H. Butler, of Illinois, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Dominican Republic.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### UNITED STATES PUBLIC HEALTH SERVICE

The legislative clerk read the nomination of Clyde M. Berry to be senior assistant scientist, effective date of oath of office.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Dohrman H. Byers, to be senior assistant scientist, effective date of oath of office.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Lewis J. Cralley to be senior assistant scientist, effective date of oath of office.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. BARKLEY. I ask unanimous consent that the President be notified of all nominations confirmed today.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

#### RECESS

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon today.

The motion was agreed to; and (at 1 o'clock and 59 minutes a. m.), Saturday, July 13, 1946, the Senate took a recess until 12 o'clock meridian the same day.

#### NOMINATIONS

Executive nominations received by the Senate July 12 (legislative day of July 5), 1946:

#### TEMPORARY APPOINTMENT IN THE ARMY OF THE UNITED STATES

##### TO BE BRIGADIER GENERAL

Col. Herbert Norman Schwarzkopf (lieutenant colonel, Infantry, National Guard of the United States), Army of the United States.

##### IN THE NAVY

Albert L. O'Bannon, an officer in the United States Naval Reserve, to be an ensign in the line of the Navy.

#### CONFIRMATIONS

Executive nominations confirmed by the Senate July 12 (legislative day of July 5), 1946:

##### FOREIGN SERVICE

George H. Butler to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Dominican Republic.

##### UNITED STATES PUBLIC HEALTH SERVICE

##### APPOINTMENT IN THE REGULAR CORPS

To be senior assistant scientists, effective date of oath of office

Clyde M. Berry  
Dohrman H. Byers  
Lewis J. Cralley

## HOUSE OF REPRESENTATIVES

FRIDAY, JULY 12, 1946

The House met at 10 o'clock a. m.

Rev. Bernard Braskamp, D. D., pastor of the Gunton-Temple Memorial Presbyterian Church, Washington, D. C., offered the following prayer:

O Thou eternal God, as we again enter the fellowship of prayer, may it be a veritable mount of vision where we shall receive insight and inspiration, wisdom and courage for the tasks and responsibilities of another day.

Grant that our minds and hearts may be sensitive and responsive to the pulsations of the higher life. Give us the interpreting light of Thy divine spirit as we seek to understand and solve the many problems which confront us.

Emancipate us from everything that is contrary to Thy holy will. May nothing impede the progress of Thy kingdom and the triumph of those principles of truth and righteousness which Thou hast ordained. Sustain us in steadfast loyalty, and may we covet more earnestly the commendation and the praise which Thou dost bestow upon the faithful.

In the name of the Christ we pray. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Gatling, its enrolling clerk, announced that the Senate agrees to the report of the committee of conference on the dis-

agreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6597) entitled "An act authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes."

The message also announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S. J. Res. 174. Joint resolution prohibiting the War Assets Administration from disposing of certain synthetic-rubber plants and facilities until 6 months after a national rubber program has been submitted to Congress.

#### PRINTING OF HEARINGS RELATIVE TO THE INVESTIGATION OF UN-AMERICAN PROPAGANDA ACTIVITIES IN THE COMMUNIST PARTY

Mr. JARMAN. Mr. Speaker, from the Committee on Printing, I report (Rept. No. 2502) a privileged resolution (H. Res. 698) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the House Committee on Un-American Activities be, and is hereby, authorized and empowered to have printed for its use 1,000 additional copies of the hearings held before said committee during the Seventy-ninth Congress, first session, relative to the investigation of un-American propaganda activities in the Communist Party.

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### PRINTING REPORT ON THE INTERNATIONAL CONTROL OF ATOMIC ENERGY AS A HOUSE DOCUMENT

Mr. JARMAN. Mr. Speaker, from the Committee on Printing, I report (Rept. No. 2503) a privileged resolution (H. Res. 697) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That the report on the international control of atomic energy, prepared by a Board of Consultants to the Department of State, be printed as a House document.

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### AUTHORIZING THE PRINTING AS A HOUSE DOCUMENT OF THE PROCEEDINGS OF THE ONE HUNDRED AND FIFTY-FIFTH ANNIVERSARY OF THE INDEPENDENCE OF POLAND

Mr. JARMAN. Mr. Speaker, from the Committee on Printing, I report (Rept. No. 2504) a privileged resolution (H. Res. 700) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That the addresses delivered in the House of Representatives on May 3, 1946, on the one hundred and fifty-fifth anniversary of the independence of Poland be printed as a House document, and that 15,000 additional copies be printed for the use of the House document room.

The resolution was agreed to.



A motion to reconsider was laid on the table.

#### PRINTING REVISED EDITION OF THE RULES AND MANUAL OF THE HOUSE OF REPRESENTATIVES

Mr. JARMAN. Mr. Speaker, from the Committee on Printing, I report a privileged resolution (H. Res. 674) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That a revised edition of the Rules and Manual of the House of Representatives for the Eightieth Congress be printed as a House document, and that 1,600 additional copies shall be printed and bound for the use of the House of Representatives, of which 700 copies shall be bound in leather with thumb index and delivered as may be directed by the Parliamentarian of the House for distribution to officers and Members of Congress.

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### EXTENSION OF REMARKS

Mr. JOHN J. DELANEY asked and was given permission to extend his remarks in the RECORD and include three editorials.

Mr. BIEMILLER asked and was given permission to extend his remarks in the RECORD.

Mr. LANE asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. FLOOD asked and was given permission to extend his remarks in the RECORD and include a resolution.

Mr. HEFFERNAN asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. TRAYNOR asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. GILLIE asked and was given permission to extend his remarks in the RECORD and include an editorial appearing in the Fort Wayne News-Sentinel.

Mr. MUNDT asked and was given permission to revise and extend the remarks he expects to make today in the Committee of the Whole and include certain charts, printed documents, editorials, and newspaper items.

Mr. MERROW asked and was given permission to extend his remarks in the RECORD and include a telegram from George M. Putman, president of the New Hampshire Farm Bureau Federation.

Mrs. LUCE asked and was given permission to extend her remarks in the RECORD in two instances and include several newspaper editorials in each.

#### RENT CONTROL

Mrs. LUCE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentlewoman will state it.

Mrs. LUCE. Mr. Speaker, yesterday I offered, for consideration of the House, House Joint Resolution 372, to restore rent controls, a very serious and necessary matter. At that time the Speaker informed me that I had to present my request to him before bringing up the resolution. May I inquire at this moment when I shall have an opportunity to present that resolution to the House?

The SPEAKER. That resolution will come up in the proper fashion. The Chair understands that the committee to which it has been referred has not yet considered it. No member of the committee has asked that it be considered. The Chair will meet that situation when he comes to it.

Mrs. LUCE. May I ask what is the procedure for the committee to consider this resolution?

The SPEAKER. That is a matter for the committee. They make their own rules, if they do not violate the rules of the House.

Mrs. LUCE. Then this resolution cannot be presented by anyone by unanimous consent?

The SPEAKER. It can be presented by unanimous consent, but the Chair is not going to recognize for that purpose at this time.

#### EXTENSION OF REMARKS

Mr. DONDERO asked and was given permission to extend his remarks in the RECORD and include a short address delivered by him last night at Fort Stevens.

Mr. THOMAS of New Jersey asked and was given permission to extend his remarks in the RECORD in two instances and include in both two short editorials.

Mr. MATHEWS asked and was given permission to extend his remarks in the RECORD.

Mr. KEARNEY asked and was given permission to extend his remarks in the RECORD and include a letter received relative to the bill H. R. 6746, which he introduced.

Mr. HESELTON asked and was given permission to extend his remarks in the RECORD and include a letter sent to the Speaker yesterday.

Mr. RICH asked and was given permission to revise and extend the remarks he expects to make on the British loan and include some excerpts.

#### GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1947

Mr. WHITTEN. Mr. Speaker, I call up the conference report on the bill (H. R. 6777) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill. The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

#### CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6777) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 6, 8, 17, 19, 20, 21, and 22.

That the House recede from its disagreement to the amendments of the Senate numbered 9, 11, 12, 13, 15, 16, 23, 24, and 24½, and agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$7,340,000"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$34,553,000"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$4,650,000"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "Nothing in this Act shall be so construed as to prevent the Commodity Credit Corporation from carrying out any activity or any program authorized by law"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows:

"Federal Surplus Commodities Corporation: *Provided*, That funds acquired by the Corporation as an agency of the United States, other than funds transferred pursuant to the Act of June 28, 1937 (50 Stat. 323), shall remain available to the Secretary of Agriculture for the purpose of liquidation and dissolution of the Corporation: *Provided further*, That all administrative duties shall be performed by the Commodity Credit Corporation and paid for within the limitation on administrative expenses of the Commodity Credit Corporation without reimbursement therefor."

And the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment insert "worn-out"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 2, 3, and 4.

JAMIE L. WHITTEN,  
ALBERT GORE,  
BEN F. JENSEN,

*Members on the Part of the House.*

KENNETH MCKELLAR,  
CARL HAYDEN,  
RICHARD B. RUSSELL,  
ELMER THOMAS,  
JOHN H. OVERTON,  
C. WAYLAND BROOKS,  
STYLES BRIDGES,  
CHAN GURNEY,

*Members on the Part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6777) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1947, and for other purposes, submit the following report

in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

No. 5 appropriates \$7,340,000 for administrative expenses, Crop Insurance Corporation, instead of \$7,880,000 as proposed by the Senate, and \$6,800,000 as proposed by the House.

No. 6 limits administrative expenses of Panama Railroad Company to \$500,000 as proposed by the House instead of \$525,000 as proposed by the Senate.

No. 7 limits administrative expenses of the Reconstruction Finance Corporation to \$34,553,000 instead of \$33,553,000 as proposed by the House and \$35,553,000 as proposed by the Senate.

No. 8 strikes out a provision proposed by the Senate to restrict the subsidy program of the Reconstruction Finance Corporation to such programs as would have been authorized by H. R. 6042.

No. 9 limits the administrative expenses of the Federal Home Loan Bank Administration to \$1,400,000 as proposed by the House instead of \$1,501,000, as proposed by the Senate.

No. 10 limits administrative expenses of the Home Owners' Loan Corporation to \$4,650,000 instead of \$4,500,000 as proposed by the House and \$5,000,000 as proposed by the Senate.

Nos. 11 and 12 are formal amendments to change the sequence of items in the bill.

No. 13 limits administrative expenses of the Defense Homes Corporation to \$98,400 as proposed by the Senate instead of \$75,000 as proposed by the House.

No. 14 provides that nothing in the act shall be so construed as to prevent the Commodity Credit Corporation from carrying out all of its authorized programs.

No. 15 limits administrative expenses of the Commodity Credit Corporation to \$8,760,000 as proposed by the Senate instead of \$8,000,000 as proposed by the House.

No. 16 strikes out limitations on activities of the Commodity Credit Corporation. The same limitations are now carried in permanent law and therefore not required in the appropriation act.

No. 17 strikes out language proposed by the Senate.

No. 18 restores provision for the Federal Surplus Commodities Corporation and requires all administrative duties to be performed by the Commodity Credit Corporation.

No. 19 limits the administrative expenses of the Federal Farm Mortgage Corporation to \$3,750,000 as proposed by the House instead of \$3,875,000 as proposed by the Senate.

No. 20 limits administrative expense of the Federal Intermediate credit banks to \$1,500,000 as proposed by the House instead of \$1,688,501 as proposed by the Senate.

No. 21 limits administrative expenses of the production credit corporations to \$1,600,000 as proposed by the House instead of \$1,644,912 as proposed by the Senate.

No. 22 limits administrative expenses of the Regional Agricultural Credit Corporation to \$341,000 as proposed by the House instead of \$391,000 as proposed by the Senate.

Nos. 23, 24, and 24½ are formal amendments correcting the text.

No. 25 limits purchases of automobiles to such purchases as may be necessary to replace worn-out vehicles.

#### AMENDMENTS IN DISAGREEMENT

Nos. 1, 2, and 3, relating to the Tennessee Valley Authority are reported in disagreement pursuant to instructions of the House.

No. 4, relating to annual contributions under the United States Housing Act.

JAMIE L. WHITTEN,  
ALBERT GORE,  
BEN F. JENSEN,

*Managers on the Part of the House.*

XCII—555

Mr. WHITTEN. Mr. Speaker, this is a unanimous report from the committee of conference.

Mr. MILLER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. May I ask the gentleman a question concerning the section on sugar that came here from the other body, relating to the payment of subsidies to Cuba? I note that that section is not in the bill that is now being considered.

Mr. WHITTEN. On that amendment the Senate receded from its position. I do not know whether or not the gentleman is familiar with it, but that particular section was offered as about one-third of a suggested amendment in the Senate, and two-thirds of the proposed amendment went out on a point of order. It left about a third of it of which no one could give the meaning, not even the Senate conferees or those interested in the amendment in the Senate. That being called to the attention of the Senators in the committee of conference, the Senate receded from the amendment.

Mr. MILLER of Nebraska. It is my understanding that the Government agencies are paying a subsidy to Cuba now on sugar coming into this country, and this mitigates very much against the position of the beet and cane sugar growers in this country.

Mr. WHITTEN. I recognize what the gentleman is trying to reach, but I suggest that the amendment he is discussing and on which the Senate has receded did not reach that, because it was a limitation on an appropriation that was not made. There is no appropriation in this bill for any of those purposes and this was merely a restriction on funds appropriated where actually no funds are appropriated.

Mr. MILLER of Nebraska. I hope the gentleman recognizes the merits, however, of such a procedure.

Mr. WHITTEN. Well, that question may be involved, but I do recognize the people need as much sugar in this country as they can get at this time and, of course, we are not losing track of the needs of the people engaged in that industry here.

Mr. RIVERS. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. RIVERS. Does this report carry the authorization for the construction of the fertilizer plant that we kicked out the other day?

Mr. WHITTEN. The report is a unanimous report of the committee, and the matter to which the gentleman refers will be handled by an amendment and any controversy with regard to that item can be cleared up in debate on the amendment which will come up in due time.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. RICH. Will we have an opportunity to discuss that if a motion is made to recede and concur?

Mr. WHITTEN. Ample opportunity will be given for debate on that question.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The conference report was agreed to. The SPEAKER. The Clerk will report the first amendment in disagreement.

#### CALL OF THE HOUSE

Mr. PLOESER. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. GORE. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 216]

Adams	Gardner	Norrell
Almond	Geelan	Norton
Anderson, Calif.	Gibson	Patrick
Andrews, Ala.	Gillespie	Peterson, Ga.
Andrews, N. Y.	Gossett	Pfeifer
Baldwin, Md.	Granger	Philbin
Barry	Grant, Ala.	Plumley
Bates, Ky.	Hall	Powell
Beckworth	Edwin Arthur	Quinn, N. Y.
Bell	Hancock	Rabaut
Bennet, N. Y.	Harless, Ariz.	Reece, Tenn.
Bloom	Harris	Reed, Ill.
Boren	Hart	Rizley
Boykin	Hays	Robinson, Utah
Bradley, Pa.	Hébert	Roe, Md.
Brehm	Hendricks	Roe, N. Y.
Brooks	Hollifield	Rooney
Bryson	Horan	Sadowski
Bulwinkle	Johnson, Calif.	Sheppard
Byrne, N. Y.	Johnson, Ind.	Sheridan
Camp	Johnson, Ind.	Short
Cannon, Fla.	Lyndon B.	Simpson, Ill.
Case, N. J.	Johnson, Okla.	Simpson, Pa.
Celler	Kee	Slaughter
Chapman	Keefe	Somers, N. Y.
Cochran	Kefauver	Sparkman
Coffee	Kelley, Pa.	Starkey
Colmer	Keogh	Stewart
Cooper	Kilday	Stockman
Cox	LeCompte	Sumner, Ill.
Cravens	Lemke	Talbot
Crawford	Lewis	Tarver
Cunningham	Ludlow	Taylor
Curley	McGehee	Tolan
Curtis	McGlinchey	Torrens
Dawson	McGregor	Vinson
De Lacy	McKenzie	Voorhis, Calif.
Dingell	McMillan, S. C.	Wadsworth
Domeneaux	Mahon	Weaver
Douglas, Calif.	Mankin	Welch
Doyle	Mansfield,	West
Durham	Mont.	White
Earthman	Mansfield, Tex.	Wickersham
Eberharter	Mason	Winstead
Ellsworth	May	Wolfenden, Pa.
Engel, Mich.	Miller, Calif.	Wood
Ervin	Morrison	Woodhouse
Fellows	Murphy	Worley
Fernandez	Norblad	Zimmerman

The SPEAKER. On this roll call 288 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

#### GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1947

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 1: Page 2, line 2, after "Dam", insert "and beginning construction of a fertilizer manufacturing plant at or near Mobile, Ala."

Mr. WHITTEN. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment



of the Senate numbered 1 and concur in the same with an amendment as follows: In lieu of the matter proposed to be inserted by said amendment, insert "and \$3,000,000 for beginning construction of a fertilizer plant at or near Mobile, Ala."

Mr. CASE of South Dakota. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. CASE of South Dakota. Mr. Speaker, it is my recollection that at the time this conference report was before the House previously a motion was made by the gentleman from Pennsylvania [Mr. RICH] instructing the conferees to disagree to the Senate amendment and insist upon our position. I have been told inferentially that at the conference no attempt was made to have the other body vote upon the disagreement. At least I have found no record of a vote by the other body. Under the precedents of the House, when one body proposes an amendment and it subsequently is taken to the other body and there is disagreed to, in comity the body proposing the matter should at least take a vote upon the proposition or recede from its position. It seems reasonable that the other body would do so, if the conferees were to follow the instructions given them. Consequently, I make the point of order that the conferees have disregarded their instructions and exceeded their authority in bringing the matter back to the House for a vote before it has been considered by the other body.

The SPEAKER. Of course, the instructions of the House could apply only to the conferees on the part of the House. They could not apply to the conferees on the part of the Senate. The Chair overrules the point of order.

Mr. PLOESER. Mr. Speaker, I offer a preferential motion. I move that the House insist on its disagreement to the amendment offered by the Senate.

The SPEAKER. That motion does not have preference over a motion to recede and concur with an amendment.

Mr. PLOESER. The motion is to recede and concur with an amendment.

The SPEAKER. There is a motion pending, offered by the gentleman from Mississippi, to recede and concur with an amendment.

Mr. TABER. If the Speaker will permit me, it was a motion to recede and concur with an amendment.

The SPEAKER. That is correct.

Mr. TABER. Therefore, that makes this motion preferential, as I understand.

The SPEAKER. A motion that the House insist on its disagreement does not take precedence over a motion to recede and concur with or without an amendment since a motion to recede and concur leads to a conclusion of the matter more expeditiously than a motion to further insist. If the House should vote down the motion to recede and concur with an amendment, then the motion of the gentleman from Missouri would be in order.

Mr. PLOESER. Mr. Speaker, I withdraw the motion.

Mr. WHITTEN. Mr. Speaker, I yield 30 minutes to the gentleman from Iowa, to be in turn yielded by him.

Mr. PLOESER. Mr. Speaker, I yield 3 minutes to the gentleman from North Carolina [Mr. COOLEY].

Mr. COOLEY. Mr. Speaker, the statement has been made that this matter has been before the House on former occasions. It is a fact that it was here on at least one former occasion, January 22, 1942, at which time the gentleman from Massachusetts [Mr. WIGGLESWORTH] made this statement:

The amount requested for the fertilizer program is about \$7,300,000 as compared with about \$4,300,000 in the current fiscal year. The difference being accounted for by an item of \$3,000,000 for a new phosphorus plant at Mobile, Ala., considered essential for immediate national defense needs.

At that time, Mr. Speaker, we were engaged in war but now we have returned again to the pursuits of peace. I wonder if this proposition which was brought before the House during the time when the future of civilization was imperiled should now be considered upon exactly the same basis as it was at that time.

Mr. WIGGLESWORTH. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. WIGGLESWORTH. If my memory serves me correctly no appropriation for TVA was made in 1941 or 1942 except by way of reappropriation. Therefore this was the only time this matter was really on the floor.

Mr. COOLEY. May I ask the gentleman if he is now in favor of this proposition?

Mr. WIGGLESWORTH. I certainly am not. A year ago this time, when the Senate attempted to put it in the Independent Offices appropriation bill I opposed it as a conferee. It was thrown out in conference.

Mr. COOLEY. The proposition before the House is merely this: Are you in favor of putting the Federal Government in business in time of peace?

Of course, there is a shortage of fertilizer, but there is also a shortage of a thousand other articles at the present time. If we are going to build a \$7,000,000 fertilizer plant down at Mobile, the next thing will be a flour plant in Kansas, a tobacco plant in North Carolina, and a plant in every other phase of industry known to American life.

Mr. Speaker, there is one thing I want to mention, and that is, when this matter was considered by the other body it came before a subcommittee composed of 14 Members of the Senate. The RECORD of June 24, 1946, disclosed the fact that there were only 3 Senators present, 11 Senators absent. The matter was not, and has not been, discussed before the Senate, yet for some reason our conferees did not insist that it be discussed in the Senate before bringing it back to us.

The SPEAKER. The time of the gentleman from North Carolina has expired.

Mr. PLOESER. Mr. Speaker, I yield the gentleman one additional minute.

Mr. COOLEY. Mr. Speaker, there is a bill pending before the legislative committee of the House, the Committee on Agriculture, which refers specifically to

the Mobile plant and, although it has been before that committee since 1945, the chairman of our committee has never even mentioned the bill to the members of the committee, nor has he referred it to a subcommittee. So the proposition is, are you going to put the Government in business without giving industry itself an opportunity to be heard? Only one farm organization, the Farm Bureau Federation, has been heard. I have a letter from the Secretary of Agriculture and one from the master of the National Grange, both taking the position that this matter should be deferred until further consideration can be given it. Why was not the Grange notified? Why did not the committee insist upon the Department of Agriculture sending its experts to testify about this matter? Why was not industry given an opportunity to appear before some committee of Congress and state its position with regard to this matter? Industry will manufacture, with existing facilities, all the rock that is made available, and I think the Mobile plant should be defeated.

The question presented is, shall we use the taxpayers' money to finance the construction, maintenance, and operation of a fertilizer-manufacturing plant when private industry has been hamstrung and handicapped during a time of war and when private industry is now ready, anxious, and willing to increase the production of essential and badly needed fertilizer? This is not an experimental plant. It is a manufacturing plant which, if constructed, will be in direct competition with private industry. As I said when this matter was before the House a few days ago, my State of North Carolina uses more commercial fertilizer than any other State in the Union. I am, therefore, in favor of more, better, and cheaper fertilizer, but, at the same time, I am anxious for private industry to have an opportunity to function and to perform to the utmost of its capacity and only as a last resort would I favor putting the Government into the business of manufacturing fertilizer. All the evidence shows that no immediate relief could be afforded by the building of the proposed plant which, according to the evidence, it would take 18 months to construct.

As a member of the House Committee on Agriculture, which committee has, and of right should have, interest in all matters pertaining to the welfare of agriculture, I am perfectly willing to give consideration to the bill which is now pending before our committee and to go into the matter fully, and to afford all persons desiring to be heard ample opportunity to present their views. We should not set a precedent of this kind until all pertinent information bearing on the subject has been obtained and considered carefully by legislative committees. I, therefore, urge that the pending motion be defeated.

The SPEAKER. The time of the gentleman from North Carolina has again expired.

Mr. PLOESER. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. PETERSON].

Mr. PETERSON of Florida. Mr. Speaker, while we are discussing the building of the Mobile plant, which is clearly a Government-owned plant in competition with private business, we might consider for a moment certain shortages that exist at the present time. There is a shortage of steel and iron for the development of mining at the present time. The mining companies are trying to get equipment and priority assistance for equipment for the mines. So the problem is to see to it that there is adequate mining equipment in order that mining can go on and secure sufficient phosphate for the existing facilities and processing plants.

The TVA can carry on a very worthy project and the Department of Agriculture, by experimentation and research through its various demonstrations, has shown what can be done. They can do a fine job, but there is no need for them going into the field of manufacturing superphosphate or triple superphosphate. Those processes have already been worked out. They are not going into a new field. They are simply manufacturing in a field that has already been explored. We recognize the fact that there have been problems with reference to the distribution of fertilizer. Of course, phosphorous is necessary in many portions of the country, but, may I say, we have on the public domain in the West great deposits of phosphate and pilot plants for only development of processes, and experimentation could be built out there for far less expense and the mining processes developed, also the improvement of processes of getting the phosphorous from those deposits could be used for assistance and cooperation with business instead of governmental competition.

Mr. Speaker, there is no need in this particular area for such a plant. It is actually a waste of Government money. It is going into a field that is no longer experimental. We have other places where they can wisely spend money in the experimental field. Today there is a shortage of potash which is also one of the great fertilizer materials. A great portion of the potash is on Government-owned land. Equipment for mining is what we need. Not the use of new plants when there is a shortage for existing plants.

Mr. Speaker, I hope the motion will be defeated.

Mr. PLOESER. Mr. Speaker, I yield 3 minutes to the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON of New Jersey. Mr. Speaker, the insistence of the Senate for an appropriation to build a Government-owned and operated fertilizer plant at Mobile, Ala., raises an issue that the membership of this House should take cognizance of. The issue is whether we as a Nation should favor construction of a Government plant to enter into competition with privately owned and operated private plants of the same character. In other words, the issue is Government versus private enterprise.

In the short time allotted it is my intention to speak only on this one phase

of the question. Others have and will speak on the other phases that are involved, including the lack of necessity for the Government to enter into this domain of private enterprise, and, also that it is unwise to legislate in this manner on an appropriation bill.

This is the first postwar opportunity that we, as Members of the Congress, have had to record our position on the all-important question whether we believe it is for the best interest of our country, with its basic free-enterprise system, to set up under a Government agency a business in competition with private enterprise. My recent trip to the countries of Europe and the Near East, including Russia, emphasizes my belief that adherence to the private-enterprise system should be our constant concern as providing the best means for the continued advancement of our Nation and its people. The fundamental question that we will decide by our vote on the matter now before us is whether we believe in the private-enterprise system that has helped make this Nation strong and free.

This question today, my colleagues, brings us to a cross road. We must decide what road we will take. If we decide to put our Government in the fertilizer business, then it would be a justification on another occasion to put our Government in some other business now carried on by private capital. Thus, once we break away from the basic and fundamental principle of free private enterprise, it will be easier to do so again to the detriment of other industries.

Is there any Member of this body from my State of New Jersey who would advocate the setting up by the Government of a garment factory, woolen mill, radio factory, or any other type of industry in our State to be in competition with similar private industries? If so, I yield to him to so state.

Is there a Member from Connecticut who will advocate that the Government set up a Federal thread factory, or a hat or machine-manufacturing plant in that State? If so, I yield to him to so state.

Is there a Member from Michigan who will advocate a Federal automobile or furniture factory to be built in that State? If so, I yield to him to so state.

Is there a Member from Wisconsin who will advocate a Federal milk plant in that State? If so, I will gladly yield to him to so state.

Is there a Member from Minnesota who will advocate a Federal flour mill in his State? Is there a Member from North Carolina who will advocate a Federal cigarette factory in his State? Is there a Member from Illinois or Iowa who will advocate a federally owned and controlled packing plant in his State? Is there a Member from California who will advocate a Federal fruit processing establishment in his State? And, is there a Member from any farming State, North, East, South, or West, who will advocate Federal operation of farms in his State? And, so I might continue until I had mentioned the industries which have made each of our States distinctive and great.

There is no use criticizing Great Britain because it has adopted a form of

Socialistic government, nor Russia because of its statism, if you vote today to go down the road to either or both. Yes, my colleagues; the hour is here when each and every one of us must decide whether we stand for free private enterprise or whether we are willing to cast aside this great principle of a free people and succumb to statism.

My allegiance to American principles impels me to vote against such a proposal now, and on any and all occasions when the issue is as clear as that presented to us today in the matter now under consideration. I want the people of my district to be assured of my vote that I am on the side of American free enterprise that has made America the greatest industrial Nation in the world.

Mr. WHITTEN. Mr. Speaker, I yield 3 minutes to the gentleman from Virginia [Mr. FLANNAGAN].

Mr. FLANNAGAN. Mr. Speaker, as I stated when this question was up before, this is a national problem, a problem that affects every man, woman, and child in America. Our soil has been whittled away over the years until we find today that we only have 6 inches of topsoil compared with the 9 inches we originally had, and when we begin to realize that the foundation of this Government is resting upon 6 inches of top soil, we begin to appreciate the importance of this problem.

They talk about free enterprise. Yes; I heard that when we established TVA, but TVA as a yardstick has saved our power consumers of America millions of dollars a year. I am also telling you that TVA, as a yardstick in the manufacture of nitrate fertilizer, has saved the farmers of America millions of dollars per year. It has not only developed a fertilizer that can be bought at a lower price but it has increased the content of the plant food from 16 to 49 percent. When you bought commercial fertilizer heretofore, before we had TVA, you were buying 100 pounds of filler in order to get 16 percent of plant food. The farmer had to pay the freight on that high filler fertilizer; he had to pay extra help to scatter all of that filler.

We need this pilot plant in order to develop our fertilizer, to find out just how high we can go in the plant-food content, to reduce the cost, and in order to develop a yardstick by which fertilizer prices will be measured. I hope it will be the pleasure of this House to adopt this amendment.

Mr. PLOESER. Mr. Speaker, I yield 2 minutes to the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Speaker, I have in my hand the hearings of the Joint Committee To Investigate the Adequacy and Use of Phosphate Resources of the United States, made in 1938. The gentleman from Florida [Mr. PETERSON], the gentleman from Washington, a former Member of this House, Judge Leavy, and I were the members of the committee from the House of Representatives. The Senator from Florida [Mr. PEPPER], the Senator from Nebraska, Mr. George Norris, and the Senator from Idaho, Mr. Pope, were the members from the Senate.



When we started the hearings it was supposed that we had about 100 years of phosphate reserves in this country. When we concluded it was agreed that we had at least 2,000 years of phosphate reserves in this country, and they are located not merely in Florida and Tennessee but also in Arkansas, Idaho, and Utah.

If we were in need of another experimental plant, common sense would dictate that it be at some distance from the present plant in the Tennessee Valley, but whether or not we need another plant is open to serious question.

The gentleman who just spoke [Mr. FLANNAGAN] spoke of this as a need for a pilot plant or experimental plant. Back in 1938 objection was already heard that the Tennessee Valley plant with its three blast furnaces had already gone beyond the experimental stage and was in competition with commercial plants. I quote from the testimony that was developed by Senator Norris, and certainly no one will contend that he was against the Government's going into business; he would be disposed the other way. Senator Norris asked this question:

Now, going on that theory, I think it is conceded that there is a line beyond which the Government ought not to go, but you disagree with them, as I understand your position, in that they have gone beyond that line, and they are manufacturing fertilizer and just selling it to Tom, Dick, and Harry?

MR. DEAN. Yes.

Then at another point when the Senator was asking the witness about the cost of fertilizer, Mr. Dean said:

It costs them equally as much in the end. And most of them are using it for this reason: If they do not use it, they are afraid they will not get their allotments, will not get their checks, will not get their money. A great many of them are these boys in the county agent's office that do this soliciting. They do not say, "You can buy your fertilizer from the Knoxville Fertilizer Co., or John Jones, or Jim Smith, and you will get credit for it." They say, "We have some TVA fertilizer here for you. We want you to get it. You ought to take it." The man demurs a little, and the agent says, "Well, you know, we got you a nice allotment," and so on. I am here to tell you it is a racket.

So, I submit, Mr. Speaker, that if TVA's fertilizer operations back in 1938 were already criticized for going beyond the demonstration field and into competition with commercial plants, there is no need now for another yardstick, pilot experimental, or demonstration plant. TVA has been that and more for years.

MR. GORE. Mr. Speaker, the importance of soil fertility to human nutrition and to civilization cannot be overlooked or overestimated. Human life and society are dependent on plant life both as a source of food and a source of raw materials for much of our industry. Plant life, in turn, depends upon a fertile soil.

To realize the importance of national policy on fertilizers or of soil conservation one has but to look to the depleted soils and the effects of malnutrition upon the people of some of civilization's oldest countries. Striking as they are, though, Mr. Speaker, we can observe the effects of only 150 years of cultivation

upon our own soil and perhaps we will be even more astounded at what we find.

Here and there, there are striking examples of the effects special soil and water elements have upon people. In some localities, for instance, it is said that the prevalence of goiter is a result of a deficiency of iodine. On the other hand, I have read some interesting stories about Deaf Smith County, Texas, where because of the peculiar quality of its soil and its water not a dentist can be found in the county and it is said that there is little need for one.

In visiting a number of islands in Pacific Oceania last year I was greatly impressed by the differing physical features, particularly the variation in size, of the natives. On Guadalcanal, for instance, the natives were scrawny and rather small; whereas, on Fiji most of the natives were almost towering giants. I made inquiry as to the cause of this and I was informed that the elements of the soil were regarded as the principal factors contributing over the centuries as to the large physical stature of native Fijians.

It is recognized, also, that deficiencies and toxic conditions are sometimes present in soil where fertility is such as to yield abundant crops. More frequently, however, nutritional deficiencies are associated with low fertility and low crop yield. Experiments have shown, though, that yield per acre is by no means the best way to judge the capacity of a particular soil to supply human and animal nutritional needs.

Good nutrition in man is dependent to a large degree on the production of good animal products. This involves quality of pastures and quality of feeds. Experiments have shown that nutritional disorders in animals have been closely associated with soil deficiencies, while on the other hand, many experiments have shown marked improvement in animal life and nutritional qualities of the animal product where soil deficiencies have been supplied. The King Ranch in Texas has obtained remarkable experimental results in this regard.

A one-hundred-bushel crop of corn requires about 150 pounds of nitrogen, 50 pounds of phosphoric acid, 100 pounds of potash, and substantial quantities of calcium, magnesium, sulfur and other elements.

The depletion of the principal soil elements—nitrogen, phosphoric acid, and potash—from America's soil is perfectly alarming. A wise program of soil conservation has done much to offset the dangerous trend toward low fertility and dangerous deficiency. But this is not enough.

The chemical elements necessary to plant growth are found in the soil, in the air, and in the water. Nitrates can be taken from the air and stored in the soil through use of legumes or it may be produced as nitrate of soda or ammonium nitrate in chemical fertilizer plants. The mineral elements necessary to plant growth, however, must be secured from the earth itself. The most important mineral element is phosphorus. Ample scientific data and practical everyday experience show that the lack of sufficient

phosphorus in the soil limits the choice of the farmer as to the kinds and amounts of products he can grow on his soil. Phosphorus must be mined from the earth and distributed to the soil. The raw phosphate ore exists in ample quantities in phosphate deposits in the Rocky Mountain States where they are relatively undeveloped because of distance from the market; in Florida where mining and processing is now highly developed, and in Tennessee where the deposits are rapidly being depleted.

The process of mining and producing phosphatic fertilizer badly needs technological improvement. Great strides have been made by the TVA in producing nitrate fertilizer more economically and in a more concentrated and usable form. True, the TVA and the fertilizer industry have made some progress and improvement in producing concentrated phosphates but the degree of technological improvement is quite unsatisfactory. A large percentage of phosphate fertilizer is still bagged and shipped as so-called superphosphate, a trade misnomer, which contains only 16 to 18 percent of pure phosphate plant food. For filler the industry uses ground peanut hulls, ordinary dirt or just plain sand. One of my colleagues and I were bantering about this bill in the cloak room and he said to me, "Sand from my State is good fertilizer for most of the country." Mr. Speaker, I relate this joking remark because it illustrates one of the matters with which farmers are dissatisfied. They do not like to have to pay freight on a lot of sand and dirt and peanut hulls and labor to distribute it on their land in order to get a little real plant food.

The fertilizer industries have banded together and they have employed a high-powered staff here in Washington, at salaries ranging far above congressional salaries, and they are fighting to the last this proposal to have the TVA build a fertilizer plant in Mobile, Ala., for the purpose of improving and demonstrating improved methods of producing and distributing triple superphosphate which will have a high percentage of pure plant-food content, 48 to 50 percent. Why does the fertilizer trust oppose the building of this plant? Do they fear competition? Surely that is not it, Mr. Speaker, because this plant could only produce at its maximum about 5 percent of the existing productive capacity and the existing capacity is less than one-fourth of the demand for phosphatic fertilizer. What then, is the fear? It is the fear that by example in production and distribution of a concentrated form of fertilizer, they will be forced to improve their methods and to distribute better fertilizer to the farmer at cheaper prices.

I think their fears are well grounded and that is why I so strongly support this proposal. Indeed, I think this would be the real result of the establishment and operation of this proposed plant by the TVA. That is exactly what has happened in the nitrate field. Since the TVA's experimentation and development of the use of concentrated nitrate fertilizer, the demand has greatly increased, the industry has tremendously improved its methods and the price to the farmer has been cut almost in half.

In addition, a much more desirable and usable form of concentrated nitrate has been developed and is now available to the farmer.

It has been said here that the issue is private enterprise versus socialism or Government in business. This is now my eighth year in Congress and I do believe I have heard that same cry every time we have really tried to initiate a program beneficial to the farmer. One does not have to renounce his allegiance to our system of free enterprise in order to support this proposal. Indeed, whenever free enterprise is not meeting the challenge as was the case with the public utilities when TVA was created, as was the case when we created the Rural Electrification Administration, the Government is not only within its right but I think we, as the people's representatives, are bound by duty to set in motion programs to demonstrate and prove a principle of value to the people. Such procedure frequently aids industry in the long run. I do not believe the fertilizer industry is meeting the challenge today. Both the challenge and the problems are enormously important to the American people, city dweller, and farmer alike. I believe we would be amply justified in having the Government build this plant to experiment and produce and demonstrate methods of production and distribution of a concentrated form of phosphatic fertilizer.

Mr. Speaker, the most fertile land in America can be found in the Midwest. But it is there that we have had the greatest depletion of phosphoric acid in the soil, and there, Mr. Speaker, is where the need is most acute for phosphatic fertilizer. For instance, in the great State of Iowa—and I would like to talk for a moment to my distinguished friends the able Representatives from that great State—that great State is regarded as the most fertile of all. Yet, in 1941, they used an average of less than one-half pound of fertilizer per acre of tillable land. Whereas the State of South Carolina, which is by no means regarded as being blessed with the top fertility of the Nation, used an average of 50 pounds per acre of fertilizer. What was the result? I will give you the results from a study which I have in my hand, a study made by very competent men, entitled "Fertilizers in the Postwar National Economy." The result of this greater use of fertilizer, or at least the partial result, differing in character of crops, making accurate comparison impossible, is that the average acre value of crops in Iowa for the year was \$32.80, whereas in South Carolina in the same year, where they used 50 pounds of fertilizer per acre, the average crop value per acre was \$133.

Mr. JENSEN. Mr. Speaker, will the gentleman yield?

Mr. GORE. I am delighted to yield to my distinguished and able colleague on the committee from Iowa.

Mr. JENSEN. I might say that the main reason for our small use of fertilizer was brought about primarily because in the State of Iowa the farmers could not get the necessary fertilizer. We got a very small portion. We did not

get our share of fertilizer, while the Southern States got more than their share. And that is the primary reason why I will not take an action which might hinder my Iowa farmers from getting much needed fertilizer.

Mr. GORE. It is to relieve that exact problem that this question is here. The demand for this fertilizer plant did not arise in South Carolina. It did not arise in the Tennessee Valley area. It came from the Middle West, from the very area where the gentleman says there is a scarcity of fertilizer and where he says it cannot be obtained. I agree with the gentleman that it cannot be obtained and one of the main reasons is the large freight rates on a lot of extra sand and dirt that is packaged in 100-pound bags and sold to the farmers for fertilizer when it is nothing but filler. I congratulate the gentleman, he is a friend of the farmer.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. GORE. I yield.

Mr. RICH. Is it not a fact that private industry if given the opportunity have made applications for plants now that will exceed four or five times what they are trying to do here now under Government operation and, therefore, if private industry is given an opportunity to produce this material they can do it for \$75 a ton, while it costs the Government \$93 a ton.

Mr. GORE. First, may I say that there is no proposition here to meet all of the demands for fertilizer. This is a demonstration plant to produce a concentrated form of fertilizer. Its maximum production would only be a small percentage of the country's total. The example, though, would, I believe, be very important. The gentleman says that private industry can manufacture it cheaper, but the answer is that they have not done so. He points to \$93 as the cost of the TVA plant production in 1945. The fact is that in 1945 the TVA plant at Muscle Shoals was engaged in war work making elemental phosphorus for the War Department. The only fertilizer that they made in 1945 was a byproduct of elemental phosphoric production for the Army. It is in no way a fair measure of production cost. In 1941, the last year of normal fertilizer production by the Muscle Shoals plant, the TVA cost was \$62 per ton of  $P_2O_5$ .

Mr. Speaker, there is another item in this conference report which I strongly support and that is an appropriation for the completion of the Watauga and South Holston Dams in east Tennessee.

The construction of the Watauga and South Holston Dams was arrested by the War Production Board during the war, just as many another project throughout the land was stopped in order to conserve vital materials and labor. They stand now gaunt, and partially completed structures of absolutely no use in their present state. The advisability of completing them is unquestioned. The only controversy involved relates to the time and the manner of completion. Some have argued that completion of these projects should be further deferred in order to avoid competition with the veterans' housing program for materials.

Were this the general policy of the Government, I would be content to apply similar treatment to the Watauga and South Holston projects. This, however, is not the case. By action of the Congress and the approval of the President, the Corps of Engineers have resumed construction of many flood-control, hydroelectric, and navigational dams throughout the land which were stopped during the war by the same WPB order that stopped the Watauga and South Holston developments. Therefore, in recommending an appropriation for the resumption of work on these two dams, we are but following a policy previously established by the Congress.

Moreover, it should be pointed out that the building materials to be used in the completion of these projects are largely items not in acute shortage, such as native stone, cement, and steel. As to housing for workers, the TVA has sufficient portable housing that can be moved from the nearly completed Fontana Dam to begin immediate construction of the Watauga Dam, thus avoiding any real interference with the veterans' housing program.

Also, sufficient heavy machinery and equipment can be moved from the Fontana site to begin immediate construction of the Watauga Dam.

The Senate included in the bill which it passed, not only more funds than could be wisely and economically expended on these projects in the fiscal year, but, unwisely I think, included language which would require the TVA to build the two dams, only a few miles apart, simultaneously.

The TVA engineers, Mr. Speaker, say this would be unwise from the standpoint of engineering efficiency, and wasteful and extravagant from the standpoint of economical hydroelectric dam construction. I requested the Washington office of the TVA to secure a statement from the TVA engineers with respect to the proposed simultaneous construction, how much additional cost it would entail, and so forth. At this point I would like to read to you their reply:

Seventeen million six hundred and sixty-six thousand dollars of the increase recommended by the Senate committee would permit resumption of construction on Watauga and South Holston Dams. Of this amount \$10,666,000 was recommended by the Budget, but not approved by the House. TVA urgently requests that the House conferees agree to the appropriation of this amount which, as you are aware, will permit active construction to begin on Watauga at once and preparation to go forward for the commencement of actual construction on South Holston in the following fiscal year.

The additional seven million represents the additional amount estimated by TVA engineers as necessary if Congress should direct construction to begin on South Holston in the fiscal year 1947. For reasons set out in the Senate hearings where the question of constructing South Holston in the fiscal year 1947 was first raised, TVA does not consider the concurrent building schedule a desirable one.

You are familiar with the general situation with respect to these two projects. Resumption of construction on Watauga was given priority because of its greater importance as a flood control project. For this project TVA has on hand or there is known



to be available immediately sufficient equipment. Movable housing units and materials now at Fontana will be adequate to meet the requirements at Watauga.

If TVA is directed to resume work on both dams in 1947, however, there will be insufficient equipment and housing for both. TVA will, therefore, be compelled to provide housing (costing at least \$500,000), thus creating conflict with the veterans' housing program. Likewise TVA will be compelled to compete for more equipment (costing at least \$1,850,000). If we are successful, the cost of double equipment investment, excess temporary housing, plus the loss of economies permitted by the dovetailed schedules proposed to the Congress by TVA, will be upwards of \$1,500,000 to \$2,000,000. The real danger, however, is that TVA will not be very successful in securing either the additional housing or equipment because of lack of priorities for housing and the known inability of manufacturers to supply equipment promptly at this time.

The most probable result, therefore, if TVA attempts diligently to build both projects at once, is the delay of completion of Watauga without assurance that South Holston will be finished any sooner than the recommended schedule originally contemplated. Delay of Watauga could be serious because of flood danger at Elizabethton. TVA, therefore, urges the staggered schedule as the most efficient and economical, most certainly feasible and the least disruptive to other programs to which Congress has given highest priority in this critical reconversion period.

The South Holston Dam is an important and necessary project in the TVA system. To recommend that its construction be resumed in the fiscal year 1948 rather than the fiscal year 1947 should not be interpreted as lack of enthusiasm for the project. The schedule proposed by TVA is based on engineering and construction realities.

Mr. Speaker, other than protection against some possible flood danger the need for these dams is not acute. Though the TVA may need the power supply by the time they are completed in due course, there is certainly no urgent need for the power now. Nor is there an urgent need anticipated within the next 3 to 5 years. Therefore, your conferees, though recommending the completion of the dams according to the TVA engineering schedule, are wholly unable, at least I am wholly unable, to discover any good reason or justification for forcing the TVA to waste \$2,000,000.

Such waste and extravagance is wholly incompatible with my conception of public duty to either the Nation or to the people of the Tennessee Valley region. The TVA is a public agency and must meet the approval of Congress for not only future expansion but also for the mere continuation of its program of usefulness to the people.

If TVA is ever forced to abandon principles of efficiency and economy, the people in that region, who must depend upon TVA for service and future development, will be the first to suffer.

Moreover, any wasteful expenditure in either the construction or the operation of the TVA electrical facilities will add to the amount of consumer bills for electricity because under the TVA Act that portion of the funds allocated to electrical utility development must be repaid by the TVA.

Your conferees have recommended an amendment simply appropriating funds in the usual manner for the immediate

resumption of work on these two projects according to sane engineering plans.

As for me, I prefer to let the TVA engineers build the TVA dams.

Mr. PLOESER. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. BENDER. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. BENDER. The gentleman referred to Iowa. Is it not a fact that God Almighty made Iowa, and not fertilizer?

Mr. GORE. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I am sorry. I have only 3 minutes.

Mr. Speaker, it appears to me that, in the language of Henry David Thoreau, the old philosopher, we have been hacking at the branches instead of the roots of the trouble. A fertilizer shortage is admitted, yet speech after speech has been directed to that matter. That is not the question. The question is, Who is going to produce it, and where, and when? The admitted fact is that this plant will cost \$7,000,000. The admitted fact is that it will be located at Mobile. What has not yet been said is that in the testimony before the Senate committee it was stated that it will take at least 18 months to finish this plant, and it is a better guess that it will take 2 years. There is not going to be any fertilizer rolling out of this plant 2 weeks after next Tuesday. Let us be sure about that.

Who is going to manufacture this fertilizer? Private industry has the capacity. They have the capacity to produce 400,000 tons of triple superphosphate fertilizer if you give them the material, if you give them the construction equipment and other things that are necessary to build. Are you going to put this Government in the position of accepting priorities to build a plant as against all the private enterprises in the country?

So much has been said about freight rates. It is admitted also that the freight rates are too high. There is a simple answer to that. Under the commerce clause of the Constitution, this Congress has authority to pass a two-paragraph bill providing that after a given date no fertilizer shall be shipped in commerce with more than a given percent of inert material. That would end that controversy once and for all.

I talked with the Farm Bureau over the telephone about this yesterday afternoon. I said, "If you will bring me that bill, I will introduce it, or I will have it drawn." They said that perhaps it should be referred to the Board. That will be the answer to the question of filler and inert ingredients in fertilizer that now costs \$8 a ton to ship from Sheffield, Ala., up to Iowa.

So we get back to the old story, and to the nub of this question, Who is going to produce it? Private industry is in the position where it can produce, if the materials are available, four or five times as much as will roll out of this plant if and when it is completed.

Now, up to this time our activities in the fertilizer field has been on a demon-

stration basis. Read the Senate hearings. Last year 13,000 tons of TVA fertilizer were distributed to over 13,000 farms in Tennessee. For what purpose? Only for demonstration; not for manufacture. It is proposed now to project the Government into the business of manufacturing fertilizer, and that should not be.

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. PLOESER. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. GROSS].

Mr. GROSS. Mr. Speaker, much has been said about this fertilizer business and how it affects the public health. That argument is about as silly to me as the fact that down through the Shenandoah Valley of Virginia you will see more goiters on people than you will see any place in the United States. They say it is because of the lack of iodine in the water. Why do not those men from Virginia get busy and get the Federal Government to see that the water has sufficient iodine in it?

There is no question there is great need of fertilizer in various sections of the country. I have walked over thousands of acres of pasture in Virginia and West Virginia.

Many of these pastures were extremely poor, and in many cases the cattle were the same way. I suggested on many an occasion that an application of acid phosphate would make it possible to carry twice as many cattle, and that their cattle would do a great deal better. But they have refused to purchase or use a commercial fertilizer. They were just careless, and it was not a case that the fertilizer was not available, for when this paternalistic Federal Government began buying it in large quantities and giving it to them, then some of them used it with good results. And then they voted the Democratic ticket.

I saw many tons of fertilizer purchased by the Government lying around until the bags were rotten and the fertilizer ruined simply because some of these farmers refused to use it even after they got it for nothing.

Now the motive back of the establishment of this fertilizer plant by the Government is votes and not the public health, food, or soil fertility. Then, too, the strongest proponents of this measure are always trying to get the Government into business in competition with free enterprise.

The men who have spoken in behalf of this bill do not know what potash is or where it is produced, or the part it plays in our agricultural program. They know little about phosphoric acid and less about nitrogen, its origin, or its uses, or they would not contend that the proposed plant promises to put new high-grade fertilizer on the market. Superphosphate has been on the market for a number of years, as well as other brands of highly concentrated fertilizer. The industry has been supplying these superfertilizers. As a farmer I have never gone into the market to buy a ton of high-grade fertilizer that I could not get. It is true, there is a shortage of fertilizer, and farmers know it. It does not take politicians to point that out. And if the politicians will remove the

barriers that have been created principally by the bureaucrats the trade will supply all of our needs. It is evident that the proponents do not know that there is a difference between so-called fertilizer and plant food. During all this discussion none of them explained anything about the analysis on the bag or tag. None of them knew what 2-8-6 means on a fertilizer bag when they see it. Neither do they know that either or all of these ingredients can be derived from numerous sources. But if what is in the bag is plant food, then it will be soluble in water and available as plant food.

The charge has been made here that the fertilizer industry is sewed up tight; that farmers are compelled to purchase only certain brands which ofttime contain sand or other filler. This is absolutely untrue. Farmers can purchase on the open market any and all fertilizer ingredients from many sources and make up their own mixtures to suit their own particular whims or needs, as many farmers do in Pennsylvania. This proposition should be defeated.

Mr. WHITTEN. Mr. Speaker, I yield 3 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include some tables on power rates, and their comparison with TVA rates.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, when I was struggling years ago to get the Tennessee Valley to adopt a yardstick rate for electric light and power it seems to me that the same elements that are fighting this amendment were telling us then that Muscle Shoals was created for the purpose of manufacturing fertilizer.

It certainly amazes me to hear the gentleman from North Carolina [Mr. COOLEY], attack this proposition on the ground that it is Federal patronage, when he is clamoring for a subsidy on tobacco.

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. Briefly.

Mr. COOLEY. I never asked for any subsidy on tobacco. Tobacco never received a subsidy.

Mr. RANKIN. It has received the benefits that amount to subsidies.

Mr. COOLEY. Tobacco never received special benefits.

Mr. RANKIN. Tobacco has received many special benefits and favored treatment.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. For a question only.

Mr. RICH. They have one fertilizer plant now for experimentation.

Mr. RANKIN. Maybe so.

Mr. RICH. Then why build another one?

Mr. RANKIN. Let me say to the gentleman from Pennsylvania that if it were not for the yardstick established by the Tennessee Valley development for electric light and power the people of Amer-

ica would be paying \$3,000,000,000 a year more for their electricity than they are now paying.

Mr. RICH. You have one now for fertilizer as well.

Mr. RANKIN. Mr. Speaker, I am sorry, but I cannot yield further.

This is INRRA, not UNRRA. This is something for the benefit of American farmers. Some of you who are opposing this proposition now to do something for our own people, within a day or so are going to vote on lending, or giving, more than a thousand times this amount as a British loan, or British gift.

Mr. RICH. This is a Communist movement.

Mr. RANKIN. I do not think so. If I did, I certainly would not vote for it.

Mr. HOFFMAN of Michigan. Mr. Speaker, I make the point of order that the gentleman is not in order.

The SPEAKER pro tempore (Mr. THOMASON). The gentleman will state his point of order.

Mr. HOFFMAN of Michigan. The gentleman refers to Members as "you." Under the rules of the House he has no right to refer to a Member in direct address, using the word "you."

Mr. RANKIN. Now, listen—

Mr. HOFFMAN of Michigan. I ask for a ruling on my point of order that he is violating the rules of the House when he refers to another Member as "you."

The SPEAKER pro tempore. The gentleman from Mississippi will proceed in order.

Mr. RANKIN. Mr. Speaker, this amendment will merely establish a yardstick to protect the farmers of this country from exorbitant prices for phosphate fertilizer.

Now, of all the people on earth who are being ground into the dust, it is the American farmer. He draws the least pay and does the hardest work. He toils in the hot sun, and takes his chances against all odds.

Yet you are holding him down to an economic level that is almost destructive.

This will give him at least a little hope.

The SPEAKER pro tempore. The time of the gentleman from Mississippi has expired.

Mr. PLOESER. Mr. Speaker, I yield 1 minute to the gentleman from Louisiana [Mr. LARCADE].

Mr. LARCADE. Mr. Speaker, I am opposed to this proposal for two reasons: First, because I am opposed to the Government going into competition with private business, and, second, that only 2 weeks ago a chemical plant costing millions of dollars at Sterlington, La., was sold to a chemical company to manufacture fertilizer. On last Tuesday, the 9th of July, bids were received for a lease on a chemical plant costing millions of dollars located in Lake Charles, La., in my district, which will be converted into a fertilizer manufacturing plant.

For these reasons I do not think it is necessary that the Government establish fertilizer plants in competition with private industry. As a matter of fact, if my constituents who negotiated for these plants in my State had known that the Government was going into the fertilizer business, I am sure they would

not have made the offers they did for the purchase and lease of these plants in my State.

The SPEAKER pro tempore. The time of the gentleman from Louisiana has expired.

Mr. PLOESER. Mr. Speaker, I yield 3 minutes to the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Speaker, I can agree with everything that has been said here today as to the shortage of fertilizer. There is no controversy on that point. But that is not the question before us now. The question is whether the Government should go into the fertilizer business. The fact is we have more than ample capacity for manufacturing phosphates at the present time and the sole reason we are not getting a sufficient supply is because we are not able to mine a sufficient amount of phosphate rock. The reason we are not able to get the required quantity of rock is because we do not have the machinery and equipment. The fertilizer companies and mining companies cannot get it.

Mr. Speaker, we are not going to solve this bottleneck until we are able to get more phosphatic rock. When we do, there is sufficient capacity in this country to manufacture all the phosphate needed for fertilizer at this time. I would not say that the Government should not get into the fertilizer business under any and all conditions, but I do say that no case has been made up until the present time that the Government should get into the fertilizer business through the building of this commercial plant.

Mr. WINTER. Mr. Speaker, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Kansas.

Mr. WINTER. Is it not a fact that in my district in Kansas the Spencer Chemical Co. has taken over an anhydrous ammonia plant and is now manufacturing fertilizer and that as soon as the phosphatic rock is available they intend to go into the manufacture of fertilizer with a phosphatic base?

Mr. HOPE. Yes, I know of that plant and I know what the gentleman says is correct.

There is just one thing more I want to mention. If this question is to be decided by the Congress as a matter of policy, if the Government is going to go into the fertilizer business, let us decide it after full and complete hearings before the proper legislative committee which has the authority to consider it. There has been before the House Committee on Agriculture for the last 15 months, a bill introduced by the chairman of that committee, the gentleman from Virginia [Mr. FLANNAGAN] which puts the Federal Government into the fertilizer business. If any such emergency exists as is contended here, why have not those who are sponsoring that legislation brought that bill before the Agricultural Committee and given us a chance to find out the facts? The motion of the gentleman from Mississippi should be voted down.

The SPEAKER pro tempore. The time of the gentleman from Kansas has expired.



Mr. PLOESER. Mr. Speaker, I yield 1 minute to the gentleman from South Carolina [Mr. RIVERS].

Mr. RIVERS. Mr. Speaker, being honored with having the center of the fertilizer industry of the Southeast located within my own district, I am consequently familiar with its background and distinguished record of service which it has rendered to the farmers of my section of the Nation.

The fertilizer industry of South Carolina was in full progress, serving the people of the Nation when many of the screwballs of the CPA were kicking the slats out of their cradles and otherwise destroying small property before they embarked on the program of destroying the economy of this Nation.

For the last few years the fertilizer people have been hanging on the ropes, bludgeoned by Government red tape and indecision, and saddled with restraints which have caused many businesses to give up the ghost in discouragement and despair. Consequently, our farmers have suffered because of their inability to purchase needed plant food and our people, generally, have been forced to pay high prices because of planned scarcity in a land of plenty.

At last we have reached the portals of peace, and just as we are hopeful of breaking the Government bonds which constrain and impede our progress, there comes a proposal for the construction of a fertilizer plant to compete with private producers in the open market, with the taxpayers' money.

All that private industry wants is an opportunity to go forward; all that private industry needs is the green light of freedom. If this is given, the people of this Nation will enter upon an era of prosperity, the like of which no nation on earth has experienced.

This amendment, of course, will not pass. This Congress is not going to be hoodwinked into a program of this nature. I have an abiding faith in my colleagues—that you and I together will join our hands and put an end to the government dipping into things about which they know little or nothing.

Mr. WHITTEN. Mr. Speaker, I yield such time as he may desire to the gentleman from Indiana [Mr. GILLIE].

#### IMPORTANCE OF MOBILE PHOSPHATE PLANT TO THE MIDDLE WEST

Mr. GILLIE. Mr. Speaker, phosphate is the key mineral fertilizer most generally needed for American soils. It is estimated that 1,669,064 tons of  $P_2O_5$  were removed from our soils by harvested crops in a single year of 1943. Sixty-one percent of this amount came out of the soils of the Midwestern States. Only 20 percent of the phosphate removed from the soils of these States by crops was returned in the form of commercial fertilizer.

Great quantities of phosphate were drained from our soils by the heavy crops farmers produced to meet the Nation's needs during the war. Adequate supplies of fertilizers are the necessity if we are to maintain production. Farmers are more aware of the value of fertilizer than ever before, and the demand is many times the available supply.

Midwestern farmers prefer to buy their phosphate in the form of triple superphosphate instead of the simple superphosphate which commercial companies have been producing. This is a matter of simple economics. Since our large deposits of phosphate rock are located in other areas, transportation costs are of considerable importance to the Midwest. Triple superphosphate is a concentrated product. One ton of this concentrate is equal to about  $2\frac{1}{4}$  tons of simple superphosphate. Current supplies of phosphate fertilizers are woefully inadequate, and the commercial companies are turning out ordinary superphosphate instead of the concentrated triple superphosphate we need in the Midwest. For example, in 1945 only 250,960 tons of triple superphosphate—45-percent basis—were produced, compared to 7,999,504 tons of 18-percent superphosphate. This means that the midwestern farmer, if he can get phosphate at all, must buy a dilute product and pay transportation costs on filler which he does not need.

The Mobile plant will increase the supply of concentrated phosphates 50,000 to 75,000 tons per year. This will not be enough to meet the tremendous demand that now exists and will continue to exist for concentrated phosphates, but it will help. It should not prevent the building of any private plants as we can use many times the output of present fertilizer production facilities. The record shows that TVA's past operations in the fertilizer field, most of which have been demonstrative in nature, have not reduced the market for commercial fertilizer. In fact the demand is greater now than ever before.

Testimony presented to the Senate Appropriations Committee indicates that a large part of the product of the Mobile plant will be channeled into the Midwest because that is the area which uses triple superphosphate. Many farmers in Indiana want to see this plant built to open up a source of supply of triple superphosphate, a commodity they have not been able to get from commercial companies, except in very negligible quantities.

Putting the Government into the fertilizer business does not disturb me very much. Competition will take care of this problem when the time comes.

Mr. WHITTEN. Mr. Speaker, I yield such time as he may desire to the gentleman from West Virginia [Mr. RANDOLPH].

Mr. RANDOLPH. Mr. Speaker, I will vote against the construction, by the Federal Government, of a fertilizer manufacturing plant in Alabama. When we voted on Roll Call 197, on July 2, I joined with the majority when our position was sustained by a margin of 13 votes. It is my hope and belief that the House today will register itself even more emphatically against this unnecessary proposal.

#### GOVERNMENT AGAINST PRIVATE BUSINESS

I am fundamentally against the Federal Government entering into competition with private enterprise. It is not enough, in this instance, to attempt to justify appropriations for the Alabama

plant by saying that there is a shortage of fertilizer. This is always the excuse for entering wedges where the Government is urged to enter the fields of proper private industry and business.

Mr. Speaker, within recent days the War Department has announced that 15 Army ordnance plants are being converted to the manufacture of nitrogen fertilizers for shipment to starving countries to increase the growth of food. One of these plants is at Morgantown, W. Va., where the Hayden Chemical Corp. has entered into a contract to produce ammonium nitrate. This is a needed undertaking and it is gratifying that a private company is to carry forward the operation.

It is my feeling, after a study of the matter, that private industry has done a good job in the manufacturing of essential fertilizers. I further believe that private companies should be given every proper preference in obtaining necessary equipment so that the farmers of America will receive a greater supply of necessary fertilizers.

Mr. Speaker, before we vote for \$3,000,000 to establish the Government in business in Alabama, with a fertilizer plant operated against private industry, we should thoroughly investigate the problem through a legislative committee and not attempt to hurriedly do so on an appropriation bill. It is my understanding that there is a measure—H. R. 2922—pending before the House Agriculture Committee which has as its purpose the formation of a fertilizer policy on a national scale. I further believe that the proposed plant, which we are now discussing, is contained in that legislation.

#### FARMERS NEED FERTILIZERS

I cannot justify my vote for a project of this type. I know that farmers need an increased supply of fertilizers and I also believe that we should supply, if possible, a contribution to the world needs. In this latter connection I am advised by the Department of Agriculture that the 15 ordnance plants, to be operated by private companies, will produce fertilizers each month sufficient to give the addition of at least 10,000,000 bushels to world wheat production, and thereby meet the monthly grain requirements of more than 20,000,000 persons. Our American output can be continued, and increased, by private companies rather than Government operations.

Mr. Speaker, the debate this afternoon causes me to embrace the opportunity to state to my colleagues again that farmers, as well as businessmen, are generally against competition from the Federal Government with private industry. This not only applies to the proposed construction and operation of Government fertilizer plants but it is basically sound when we consider the broad field of business and commerce.

#### FULL PRODUCTION IS THE ANSWER

Within the past few days I have talked with many citizens in the congressional district I represent. I believe they approve the viewpoint which I have expressed as contained in the following news dispatch:

FRANKLIN, W. VA., July 4 (UP).—Asserting that "essential goods are anxiously awaited

by an eager consuming public." Representative JENNINGS RANDOLPH, Democrat, West Virginia, told a Fourth of July outing here last night that "competitive rather than artificial controls will go further toward creating a real and sustained prosperity."

RANDOLPH arrived in West Virginia yesterday by plane and addressed air shows at Petersburg and Moorefield before journeying here for the celebration sponsored by the Lions Club.

"Full production is the major answer to America's unrest during the reconversion period," the Second District Congressman continued. "We need more than anything else to stay on the job, in the field, factory, mine, or office."

#### PRIVATE INDUSTRY IN JEOPARDY

I have received many protests from farmers and business men, in reference to the present tax structure of cooperatives. It is not particularly applicable to the point at issue in this debate, but I include the following portion of a letter which I have sent to a constituent:

I am in agreement with you that cooperatives should not have an unfair competitive position in business and industry.

It has been my purpose to continue a close study of the situation and I certainly feel that American business cannot maintain itself legitimately, if a part of that enterprise is tax-exempt, and the other part heavily taxed. Henry H. Heimann, executive manager of the National Association of Credit Men, recently made the following statement:

"If we are to have equal rights for all and no special privileges for a few, then the Federal Government should either tax the business transaction of all cooperatives or eliminate all taxes from private business and rely solely upon individual taxes for its revenue."

It has been charged that many cooperatives are practically exempt from taxation. If this be true, then there is a definite advantage to that group which should not continue to exist. Private enterprise must not be placed in jeopardy by any commercial undertakings which are tax-exempt.

Mr. PLOEZER. Mr. Speaker, I yield 1 minute to the gentleman from Tennessee [Mr. JENNINGS].

Mr. JENNINGS. Mr. Speaker, there is absolutely no ground whatever in fact to justify the establishment of this plant on the theory that it is an experimental plant. Every fact that needs to be known is already known by private industry with respect to the manufacture of concentrated fertilizers. TVA has already made superphosphate fertilizer at a plant owned by the Government and now in existence. It has been distributed in my part of the country. If I were actuated by sectional feeling, I would be for this thing. But, it is not right. This proposition puts the Government in business tax free, in competition with tax-paying private enterprise. A talented woman in Alabama wrote a book a few years ago entitled "Stars Fell On Alabama." Another lovely lady in Georgia wrote a book entitled "Gone With the Wind." Those who propose this huge appropriation are just fixing for \$7,000,000, and maybe \$13,000,000, to fall on Alabama, and when they fall they will be gone with the wind.

Mr. WHITTEN. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I would like to say to the gentleman from Tennessee and to these other gentlemen, with reference

to the stars falling on Alabama, that this plant is not nearly so vital to that area, nor in Tennessee or in my section, as it is elsewhere; though as a demonstration plant it will be of tremendous assistance to farmers throughout the nation. We can more nearly afford to pay the freight on this 100 pounds of fertilizer that has 16 pounds of food value in it in the regions close by the present source of supply. If this plant is put at Mobile it will be because the phosphate rock, which has no connection with the chemical plants which are going to be set up in Kansas, is mined close by and can be transported by water. It is going to be put at Mobile because coke can be brought from around Birmingham down the Warrior River by water, coke constituting close to 50 percent of the total raw materials required. The output of this plant can be shipped by water up the Mississippi River to the great midwest where it is needed primarily.

The American Farm Bureau Federation strongly urges the approval of this plant. They have submitted in the hearings results of their survey showing the great need for this plant and the great benefits that will flow to the farmers of the Nation from its construction.

I would like to call to your attention that the plans for this plant provide that the cost will be amortized, and that it will be paid for, and that its cost will come back to the Treasury of the United States. As has been proved by the TVA yardstick, the electric power rates in this country have been reduced approximately 35 to 45 percent. Since the Muscle Shoals plant was opened by the TVA for the manufacture of nitrate of ammonia, the farmers have had a better fertilizer at a much cheaper rate. By 1944 the cost of a ton of nitrate fertilizer had fallen to approximately 55 percent of the 1925 cost. With TVA leading the way, the commercial companies have made tremendous strides in the method of producing and the quality of nitrate fertilizer made available to the farmer.

The phosphate processes have not had the same advancements. We need a yardstick in the phosphate field, a yardstick big enough to prove the value of this product. You have proven by the TVA yardstick that you can bring wonderful savings to the American people in electric rates and at the same time increase the business of commercial companies. You have proven that you can have a far better fertilizer in the nitrate field at a much cheaper rate. You have proven that you can save millions of dollars to the American farmers by your Muscle Shoals plant. I say that is all this is, it is a yardstick to show the manufacturers of fertilizer that a higher concentrate fertilizer is in demand, will be needed, and can save millions of dollars to the American farmers.

We can look to the nitrate fertilizer field to see just what this yardstick in phosphate fertilizers will mean.

In the current fiscal year ending June 30, 1947, the TVA is scheduled to manufacture 150,000 tons of ammonium nitrate fertilizer, containing about 50,000 tons of nitrogen, approximately equal to its production for the fiscal year 1946.

TVA fertilizers were shipped to 36 different States in the fiscal year 1946. Phosphate fertilizers were distributed domestically in three different ways. First, small shipments were made to the experiment stations of 21 States for controlled tests. Second, limited quantities were distributed to cooperatives in 17 States under experimental sales contracts designed to secure reliable data on the relative costs to farmers of various types of fertilizer materials. The largest portion was distributed for use in practical farm test demonstrations, which were conducted in 26 States.

Most of the ammonium nitrate fertilizer produced for domestic distribution in the fiscal year 1946 was distributed through cooperatives to aid in alleviating the shortages of agricultural products. It was sold in 21 States in that year. Limited quantities were distributed for test demonstrations in 22 States.

American farmers have realized substantial savings because TVA and ordnance-plant ammonium-nitrate fertilizer, which added 20 percent to the nitrogen supply in fiscal year 1946, was cheaper than either of the traditional forms of nitrate fertilizer, nitrate of soda, and ammonium sulfate. At its point of production it was \$55.20 per ton of nitrogen cheaper than nitrate of soda at ports of entry and \$5.30 per ton cheaper than ammonium sulfate at producing ovens.

The principal nitrogen fertilizers available prior to the production of ammonium-nitrate fertilizer at the Muscle Shoals plant were nitrate of soda, imported from Chile, and ammonium sulfate. The prices of these products remained constant from the time the TVA plant started fertilizer production until recently. The wholesale price of Chilean nitrate of soda was, during most of the period, \$187.50 per ton of nitrogen, f. o. b. ports in bulk, but it is reported that it has recently been raised to \$221.90. Furthermore, during the war a subsidy of about \$42 per ton of nitrogen was paid on this material to help meet the wartime costs of transport. The wholesale price of sulfate of ammonia was, during most of that period, \$137.60 per ton of nitrogen f. o. b. producing ovens in bulk. It is reported it has recently been raised to \$146.30, and certain basing points on which f. o. b. prices were quoted have been eliminated, further increasing delivered prices in areas near those points.

When the TVA plant went into the production of ammonium-nitrate fertilizer in 1943, the wholesale price of its products was established at \$141.50 per ton of nitrogen, f. o. b. Sheffield, Ala., in bulk. It has since been reduced to \$132.30 and shipped f. o. b. Sheffield or ordnance plants producing nitrate fertilizers. The ordnance plants have established the same price. Canadian ammonium nitrate imported into this country has been sold at prices pegged arbitrarily to the price of sulphate of ammonia at the various producing ovens.

The farmers need more fertilizer. They need better fertilizer, a more highly concentrated fertilizer, 1 ton of which can be shipped to do the work of 2½ quarter tons of the superphosphate



and therefore save thousands of dollars in freight costs.

The total capacity of commercial manufacturers will not come close to supplying the need. The amount of triple superphosphate to be manufactured by the TVA, under this amendment, will take away none of the market of commercial suppliers, because the commercial suppliers cannot begin to supply the demand remaining if the TVA were to manufacture 50,000 tons of triple superphosphate. After all, it is estimated that 1,669,064 tons of phosphoric acid is removed from the soil. Only 20 percent is replaced by fertilizers. There is a real need for 3,400,000 tons of phosphates annually. The total capacity today produces only 1,380,000 tons and the total capacity to produce is only 1,595,000 tons, of which only 215,000 tons is double superphosphate. The supply of triple superphosphate is so negligible that no records are available.

Certainly, we should, with the examples before us in regard to electrical rates, with the examples of what has been done in the nitrate field, establish this plant, not to replace private business but to lead the way for a better fertilizer at less cost and thereby save millions of dollars to the farmers of the Nation, and increase the demand for good fertilizer and thus the demand and market for commercial companies.

Nitrate of ammonia from the TVA plant at Muscle Shoals has tremendously increased sales by commercial companies.

Mr. PLOESER. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, it has been said that this thing has been in the appropriation bills before. It was gotten in there on the representation that it was needed for national defense, but it was so little needed that the Bureau of the Budget and the WPB would not let them build it. What is the picture? There is a shortage of fertilizer, and I want to see it corrected. This bill does not hit the bullseye. The bullseye in this case is a shortage of phosphate rock. The reason why there is a shortage is that they are unable to get the labor and the machinery to mine it. That is the proposition that ought to be speeded up. But instead of doing that, they have brought us here a proposal to spend probably a total of \$15,000,000 to build a fertilizer plant at Mobile, and that is not needed because Department of Agriculture surveys show that there is a 50 percent excess capacity above what they are presently using and producing with in the fertilizer industry. At Muscle Shoals alone they have a capacity of 270,000 tons a year. At the present time they are producing only 11,000 tons a month, or 130,000 tons a year, just about half of what their capacity is. If they have more phosphate rock to operate with, why do they not step up that Muscle Shoals operation instead of coming here and asking for a new plant?

The whole picture does not make sense. They are not aiming at the heart of the

trouble, they are wandering all over the lot and trying to get the Government into business. Let us use a little sense, let us look after the farmer, let us concentrate on getting that phosphate rock out where it will do some good and give the farmers more fertilizer, instead of running around behind the bush and trying to get the Government into business on a very large and wasteful scale.

Mr. Speaker, I hope this motion is defeated.

Mr. PLOESER. Mr. Speaker, the House has already acted on this question and instructed the conferees to insist upon the original position of the House which did not make any authorization for appropriation of funds for this contemplated fertilizer plant in Mobile. The conferees have not insisted that the Senate pass on this matter before it was brought back to the House. For what reason I cannot explain save to say that obviously by my position today I am not in harmony with the position that the conferees have taken. Let us take a look at the various issues involved here. One is the age-old issue of free, competitive enterprise. Shall the Government go in the business of producing—not experimenting—producing fertilizer in competition with the private producers throughout the Nation? If you decide that the Government should, and I certainly disagree with that position, then where in the world are they going to get the raw material which will add anything to the actual volume of available fertilizer for the farms of the Nation? As it is the present privately owned plants are able to produce this fertilizer. They could increase their production 50 percent if the raw material was available today. We have a pilot plant, and the argument that this is to be built for a pilot or experimental plant is not accurate. It is to be built to produce, as the argument originally goes, additional fertilizer in competition with private enterprise—yet it is a fact that the raw material is not available. Now they talk a lot about these yardsticks set up by the Government. Let us take a look at the prices of fertilizer. The latest free sale price I could get on triple-superphosphate as produced by the TVA was for the year 1940. It was 66 cents per unit f. o. b. Tennessee. Private industry produced the same product in the same year and their prices varied from 63.7 cents per unit to 73 cents per unit on the west coast. I have not added the freight rates to the TVA f. o. b. Tennessee price or I daresay it would have been well over the 73 cents on the west coast. Now, what is the cost of production? In 1945 the cost of the TVA to produce triple-superphosphate, on the basis of per-ton costs, was \$92.07, while the selling price by private industry—and private industry sold all it could possibly produce—was \$75 per ton. The TVA, of course, had to sell at the ceiling price set by the Government. But, obviously, private industry was able to make a profit selling at \$75 a ton, while it cost the TVA \$92.07 to produce. It has also been pointed out that we do not now have the materials available to build the plant

capacity for the production of the raw materials needed in the production of triple-superphosphate, let alone building additional production plants such as this by the Government. This is definitely a move toward the federalization of an industry. I wonder what the farmers of America would say if the Congress voted to federalize the farms of America.

I ask the House to stand by its original instructions to the conferees by voting against this motion. When this motion has been defeated I will move that the House insist on its position.

The SPEAKER. The time of the gentleman has expired.

Mr. WHITTEN. Mr. Speaker, I yield to the gentleman from Pennsylvania to make a unanimous-consent request.

Mr. RICH. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include some insertions at this point in the Record.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. RICH. Mr. Speaker, we are bringing back the second time for our consideration the amendment to agree to the building of a fertilizer plant in Mobile, Ala., thus setting the Government up in the fertilizer business in competition with private enterprise. Several days ago the conferees were instructed to insist that this item be stricken from the bill. Every due pressure should have been applied by the House conferees in joint session with the Senate conferees. If the conferees were themselves desirous of having that plant built, which seems to be the case, that is no reason why they should not carry out the instructions of the House. I am hopeful that the House today will refuse to concur in the Senate amendment, and I believe they will.

I hear the Members talk about un-American activities on the floor and how interested they are in this country of ours. Now, I cannot for the life of me see why they want to have a form of government like Russia, where everything is owned by the Government and the people are only subservient to the wishes of their Government. That is contrary to the principles of America. In 160 years private enterprise built America into one of the greatest countries on the face of the earth, and yet there is not a month goes by but someone proposes in the House to establish the Government in some kind of business or other. Now it is the fertilizer business again. We have in the TVA a fertilizer experimental station, and by no stretch of the imagination do we need two in the same locality. It is only befogging the issue to say we need the Government in the fertilizer business, for the fertilizer industry, if given the opportunity to increase their own production, will make more plants available under the private-enterprise system than are necessary to furnish all the fertilizer this country needs, and at the cheapest possible price. Understand also that I am interested in having the farmers receive all the fertilizer they need in any section of the country.

There is no Budget approval for this expenditure. No hearings were held by the Senate or House before this item was put into the appropriation bill, and Congress should await some decision on the broad question of a national policy of establishing the Government in business before assuming that responsibility which belongs to the general public. Private industry is selling triple superphosphate cheaper than it costs TVA to produce it. The annual report of TVA for 1945, filed with the President and the Congress, showed that the total cost per ton of phosphoric acid in triple superphosphate disposed of by them amounted to \$92.07. Private industry was selling this product under ceiling prices at \$75 per ton. It is safe to assume that private industry had some profit and that TVA's cost-accounting procedures may have not included all of the costs that must be met by private industry. The present phosphate production capacity of TVA is adequate for all research tests and demonstration needs, and certainly there is no reason why we should go to the expense of spending three to seven million dollars for a fertilizer plant to set our Government up in business.

The Government is now in the rum-manufacturing business, in the ice-cream-manufacturing business, in the hotel business, and we have many people here in this country who have communistic and socialistic ideas, and who want the Government to take over all kinds of business. Do you not think it is time to get away from some of these communistic-socialistic ideas and permit the private-enterprise system to function until we know there is some better system in store for the American people—and it has never been shown that there is?

Let us vote down this amendment and keep America free and as our forefathers established it and as has been proven it can be operated under the private-enterprise system.

Let the people rule the Government and the bureaucrats. Let the people run the business in America, not the Government.

Mr. WHITTEN. Mr. Speaker, I yield the remainder of the time to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON of Missouri. Mr. Speaker, the issue here is between the fertilizer trust and the consumer. Between the fertilizer trust and the farmer. Between the fertilizer trust and the housewife who supplies the family table.

Next to land and labor, the greatest single cost in food production is fertilizer. When you increase the cost of fertilizer you increase the cost of food—all food. And when you decrease the cost of fertilizer you decrease the cost of food—every item of food on your table.

When you increase the supply of fertilizer, there is more food. When you decrease the supply of fertilizer or decrease the percentage of plant food per ton, there is less food. Are you for plenty of scarcity?

The fertilizer trust is the most compactly organized trust in America. It ex-

ercises an absolute monopoly in the production of fertilizer. It fixes the price of fertilizer on every farm in the Nation. And it controls the distribution of fertilizer both at home and abroad. For the last several years the trust has systematically restricted the quota to the Mississippi Valley and the central west.

Even when it delivers fertilizer to the Central States it refuses to deliver concentrates and supplies—only diluted formulas—compelling the farmers to pay for inert fillers and also compelling them to pay transportation charges on 500 pounds of material to get 100 pounds of plant food.

This is the situation the bill seeks to remedy. Without taking a dollar's worth of business away from the trust and its subsidiaries, it proposes to make available to the farmer supplies and superphosphates which the trust cannot supply. It proposes to deliver concentrated plant food. It proposes to save the farmer and the consumer the unnecessary transportation charges. And—what the trust particularly objects to—it proposes to establish a reasonable yardstick.

That is what the gentlemen are talking about when they shout about free enterprise and government in business. This plant will not take business away from the trust. But it will create a yardstick of fair measurement. We established TVA. It did not take business away from private enterprise but it established a fair rate—a rate which the gentleman from Mississippi [Mr. RANKIN] testifies saves the consumers of electricity in the United States \$1,600,000,000 every year. We established the Inland Waterways Commission. It did not take business away from the railroads but established a fair competitive rate which has saved the farmers of America millions of dollars a year on the transportation of their wheat alone. During the war President Roosevelt authorized a Government navy yard at Philadelphia which established a yardstick for the manufacture of airplanes and reduced by vast sums the cost of the air power which won the war. Following the farm panic we created the Federal farm-loan banks which established a yardstick of interest on farm loans. Farms had been paying 6 and 8 percent. But under this yardstick farmers have borrowed millions of dollars for less than 4 percent.

Every time we established one of these yardsticks the cry of Government in business and free enterprise went up to high heaven. The trust and monopolies and profiteers fought cheap electricity and reasonable freight rates and low interest just as they are fighting a yardstick on fertilizer and cheap food here this afternoon.

Oh, they have tried to make us believe that the trust has reduced the cost of fertilizer. There is not one word of truth in any such statement. In 1920 I paid \$20 a ton for 18 percent acid phosphate for my Missouri farm. And I sold the wheat grown from that fertilizer for \$2.40 a bushel. In 1922 I paid \$22.50 a ton for the same fertilizer and got 86

cents for my wheat. Today I pay \$25.75 per ton for the same fertilizer and take whatever OPA will allow me for the wheat. There is a saying that figures will not lie but liars will figure and that is what the fertilizer lobbyists are doing when they try to juggle the figures to make us think fertilizer is cheaper. By my own accounts, the price of fertilizer has increased more than 20 percent since I began to grow wheat—when under modern methods of manufacture it should have declined as electricity and interest have declined.

Mr. Speaker, these high-powered, high-paid lobbyists who have been patrolling the corridors of the Capitol and hammering on the doors of the committee and calling up over the telephone and buttonholing Members of the House and filling congressional wastebaskets with mimeographed propaganda and who are sitting up there in the gallery right now—are not working in the interest of the consumer. They are not looking after the welfare of the farmer. They are not contributing to the reduction of the cost of living. They are working for two things—and two things only—for monopoly and profits.

The question now before the House is whether you will vote for these lobbyists who have been importuning you, who have been parked at your elbow for weeks, or whether you will vote for the folks back home who cannot be here to plead with you for an adequate supply of one of the most important essentials to successful farming. Will you vote for the fertilizer trust or a hungry world? Will you vote for the farmer to pay freight on 500 pounds or 100 pounds to get the same amount of plant food? Will you vote for high dividends for the fertilizer trust or cheap food on the American table? Will you vote for the American Plant Food Council or the American Farm Bureau? Will you vote for the special interests or for the people?

The SPEAKER. The time of the gentleman from Missouri has expired.

All time has expired.

The question is on the motion of the gentleman from Mississippi [Mr. WHITTEN].

The question was taken; and on a division (demanded by Mr. WHITTEN) there were—ayes 58, noes 166.

Mr. WHITTEN. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 126, nays 204, not voting 102, as follows:

[Roll No. 217]

YEAS—126

Abernethy	Carnahan	Feighan
Allen, Ill.	Celler	Flannagan
Andersen,	Chelf	Flood
H. Carl	Clements	Folger
Andersen,	Clippinger	Gallagher
August H.	Combs	Gardner
Bailey	Courtney	Gathings
Barrett, Pa.	Crosser	Geelan
Bennett, Mo.	Cunningham	Gillie
Blemiller	Curtis	Gore
Brown, Ga.	Davis	Granahan
Buchanan	De Lacy	Green
Buckley	Dolliver	Gregory
Bunker	Douglas, Ill.	Gwynne, Iowa
Cannon, Mo.	Doyle	Hagen



Havener  
Hays  
Healy  
Henry  
Hobbs  
Hoch  
Hoeven  
Huber  
Hull  
Izac  
Jackson  
Jarman  
Jensen  
Johnson,  
Luther A.  
Judd  
Kee  
Keefe  
Kirwan  
Klein  
Kopplemann  
LaFollette  
Lane  
Lemke  
Link  
Lyle  
McCormack  
McGlinchey  
McMillen, Ill.

Manasco  
Martin, Iowa  
Michener  
Miller, Nebr.  
Mills  
Monroney  
Morgan  
Morrison  
Murdock  
Murray, Tenn.  
Neely  
O'Brien, Mich.  
O'Konski  
O'Toole  
Outland  
Patman  
Patterson  
Pittenger  
Price, Ill.  
Priest  
Rabaut  
Rabin  
Rains  
Ramey  
Rankin  
Rayfield  
Reed, Ill.  
Robertson,  
N. Dak.

Ryter  
Sabath  
Sadowski  
Savage  
Schwabe, Mo.  
Sheppard  
Spence  
Starkey  
Stefan  
Stevenson  
Stigler  
Stockman  
Sullivan  
Talle  
Thomas, Tex.  
Thomason  
Trimble  
Voorhis, Calif.  
Vursell  
Weaver  
White  
Whitten  
Whittington  
Wilson  
Wolcott  
Woodhouse  
Zimmerman

Boykin  
Bradley, Pa.  
Bryson  
Byrne, N. Y.  
Camp  
Cannon, Fla.  
Chapman  
Cochran  
Coffee  
Colmer  
Cooper  
Cox  
Cravens  
Crawford  
Curley  
Dawson  
Dingell  
Domengeaux  
Douglas, Calif.  
Earthman  
Eberharter  
Engel, Mich.  
Ervin  
Gibson  
Gillespie  
Gossett  
Granger  
Grant, A.A.  
Hall  
Edwin Arthur  
Hare

Harless, Ariz.  
Harris  
Hébert  
Hendricks  
Holifield  
Johnson, Ind.  
Johnson,  
Lyndon B.  
Johnson, Okla.  
Kefauver  
Kelley, Pa.  
Keogh  
Kilday  
Knutson  
LeCompte  
Ludlow  
McGehee  
McMillan, S. C.  
Mahon  
Mankin  
Mansfield,  
Mont.  
Mansfield, Tex.  
Marcantonio  
Mason  
Miller, Calif.  
Murphy  
Norrell  
Norton  
Patrick  
Peterson, Ga.

Pfeifer  
Philbin  
Plumley  
Powell  
Quinn, N. Y.  
Reece, Tenn.  
Robinson, Utah  
Roe, Md.  
Roe, N. Y.  
Russell  
Sheridan  
Short  
Simpson, Ill.  
Simpson, Pa.  
Somers, N. Y.  
Sparkman  
Stewart  
Sumner, Ill.  
Sumners, Tex.  
Tarver  
Taylor  
Tolan  
Torrens  
Vinson  
Welch  
West  
Wickersham  
Winstead  
Wolfenden, Pa.  
Wood  
Worley

## NAYS—204

Angell  
Arends  
Arnold  
Auchincloss  
Baldwin, N. Y.  
Barden  
Barrett, Wyo.  
Barry  
Bates, Mass.  
Beall  
Bender  
Bishop  
Blackney  
Bland  
Bloom  
Bolton  
Bonner  
Bradley, Mich.  
Brehm  
Brooks  
Brown, Ohio  
Brumbaugh  
Buck  
Buffett  
Bulwinkle  
Butler  
Byrnes, Wis.  
Campbell  
Canfield  
Carlson  
Case, N. J.  
Case, S. Dak.  
Chenoweth  
Chiperfield  
Church  
Clark  
Clason  
Clevenger  
Cole, Kans.  
Cole, Mo.  
Cole, N. Y.  
Cooley  
Corbett  
D'Alesandro  
Daughton, Va.  
Delaney  
James J.  
Delaney,  
John J.  
D'Ewart  
Dirksen  
Dondero  
Doughton, N. C.  
Drewry  
Durham  
Dworshak  
Eaton  
Elliot  
Ellis  
Ellsworth  
Elsasser  
Elston  
Engle, Calif.  
Fallon  
Fellows  
Fenton  
Fernandez  
Fisher  
Fogarty

## NOT VOTING—102

Adams  
Allen, La.  
Almond  
Anderson, Calif.

Andrews, Ala.  
Andrews, N. Y.  
Baldwin, Md.  
Bates, Ky.

McGregor  
McKenzie  
Madden  
Maloney  
Martin, Mass.  
Mathews  
May  
Merrow  
Mundt  
Murray, Wis.  
Norblad  
O'Brien, Ill.  
O'Hara  
O'Neal  
Pace  
Peterson, Fla.  
Phillips  
Pickett  
Ploeser  
Poage  
Pratt  
Price, Fla.  
Randolph  
Reed, N. Y.  
Rees, Kans.  
Resa  
Rich  
Richards  
Riley  
Rivers  
Rizley  
Robertson, Va.  
Robison, Ky.  
Rockwell  
Rodgers, Pa.  
Rogers, Fla.  
Rogers, Mass.  
Rogers, N. Y.  
Rooney  
Rowan  
Sasser  
Schwabe, Okla.  
Scrivner  
Shafer  
Sharp  
Sikes  
Slaughter  
Smith, Maine  
Smith, Ohio  
Smith, Va.  
Smith, Wis.  
Springer  
Sundstrom  
Taber  
Talbott  
Thomas, N. J.  
Tibbott  
Towe  
Traynor  
Vorys, Ohio  
Wadsworth  
Walter  
Wasielewski  
Welch  
Wigglesworth  
Winter  
Wolverton, N. J.  
Woodruff

3 be considered in place of amendment No. 2 as it is controlling on amendment No. 2.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The SPEAKER. The Clerk will report amendment No. 3.

The Clerk read as follows:

Amendment No. 3: Page 2, line 17, insert the following: "Provided, That of the \$46,572,000 appropriated herein, \$17,666,000 shall be available for the immediate resumption of construction and continued prosecution of the work on the Watauga and South Holston Dams with a view to the completion of the work on both dams at the earliest possible date and \$3,000,000 toward the construction of a fertilizer manufacturing plant at or near Mobile, Ala."

Mr. WHITTEN. Mr. Speaker, I have a motion, which is at the Clerk's desk.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 3 and concur in the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following: "Provided, That of the \$39,906,000 appropriated herein, \$14,000,000 shall be available for the immediate resumption of the work on the Watauga and South Holston Dams."

Mr. WHITTEN. On that, Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the motion offered by the gentleman from Mississippi.

The motion was agreed to.

The SPEAKER. The Clerk will report amendment No. 2.

The Clerk read as follows:

Amendment No. 2: One page 2, line 13, strike out "\$25,906,000" and insert "\$46,572,000."

Mr. WHITTEN. Mr. Speaker, I offer a motion, which is at the desk.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 2 and concur therein with an amendment as follows: In lieu of the sum proposed, insert "\$39,906,000."

Mr. WHITTEN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Mississippi.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 4: Page 3, line 21, strike out "": Provided further, That none of the funds herein shall be used to pay contributions with respect to projects constructed under authority of Public Law 671, Seventy-sixth Congress."

Mr. WHITTEN. Mr. Speaker, I move that the House recede and concur.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 4 and concur therein with an amendment as follows: In lieu of the matter proposed to be stricken out by said amendment insert the following: "": Pro-

So the motion was rejected.  
The Clerk announced the following pairs:

On this vote:

Mr. Boykin for, with Mr. Taylor against.  
Mr. Earthman for, with Mr. McGehee against.

Mrs. Douglas of California for, with Mr. Adams against.

General pairs until further notice:

Mr. Colmer with Mr. Knutson.  
Mr. Keogh with Mr. Mason.  
Mr. Dingell with Mr. Plumley.  
Mr. Pfeifer with Mr. Short.  
Mr. Bradley of Pennsylvania with Mr. Simpson of Pennsylvania.  
Mr. Sparkman with Mr. Johnson of Indiana.

Mr. Byrne of New York with Mr. Simpson of Illinois.

Mr. Quinn of New York with Mr. Edwin Arthur Hall.

Mr. Coffee with Mr. Gillespie.  
Mr. Sheridan with Mr. Crawford.  
Mr. Eberharter with Mr. Anderson of California.

Mr. Somers of New York with Mr. Bennet of New York.

Mr. Holifield with Mr. Andrews of New York.

Mr. Vinson with Mr. Engel of Michigan.

Mr. Kefauver with Mr. Reece of Tennessee.

Mr. Wood with Mr. LeCompte.

Mr. Kelley of Pennsylvania with Miss Sumner of Illinois.

Mr. Camp with Mr. Welch.

Mr. Peterson of Georgia with Mr. Wolfenden of Pennsylvania.

Mr. LANE changed his vote from "nay" to "yea."

Mr. MILLER of Nebraska changed his vote from "nay" to "yea."

Mr. MICHENER changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

Mr. PLOESER. Mr. Speaker, I move that the House insist on its disagreement to Senate amendment No. 1.

The Clerk read as follows:

Mr. PLOESER moves that the House insist on its disagreement to the amendment of the Senate No. 1.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that amendment No.

vided further, That not to exceed \$500,000 of the funds herein shall be used to pay contributions with respect to projects constructed under authority of Public Law 671, Seventy-sixth Congress: *Provided further*, That no part of the funds herein shall be used to pay rent subsidy accruing after the date of this act with respect to any family whose gross annual family income exceeds the maximum family income falling within the lowest 25 percent by number of all gross annual family incomes in the municipality where the public housing project in which such family resides is located."

Mr. WHITTEN. Mr. Speaker, I move the previous question.

The previous question was ordered.

Mr. GARY. Mr. Speaker, I offer a preferential motion.

The Clerk read as follows:

Mr. GARY moves that the House recede from its disagreement to the amendment of the Senate No. 4 and concur in the same.

The SPEAKER. The question is on the motion to recede and concur.

The motion was rejected.

The SPEAKER. The question recurs on the motion to concur with an amendment.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the various motions was laid upon the table.

#### GENERAL LEAVE TO EXTEND

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITTEN. Mr. Speaker, with reference to amendment No. 4, I would like to call attention to the fact that our committee is faced with the necessity of providing funds under the law providing for low-cost housing. In my service on this committee I was amazed to find that under the law providing for such housing projects, passed some years ago before I became a Member of this body, the National Housing Authority is authorized to set up local housing authorities and to enter into contracts with such local housing authorities binding the Federal Government to pay each year a part of the rent of the tenants of such projects up to the amount of \$28,000,000 annually for 60 years. In talking to various Members of Congress I find that in many cases they have not realized that the National Housing Authority can make a contract binding the Appropriations Committee and the Congress to appropriate annually for the next 60 years up to \$28,000,000 to pay a share of the rent for tenants of these projects. The average rental is \$33 for from one- to four-bedroom apartments with all utilities furnished. Adequate appropriation was made for those housing projects under the FPHA that have already been in operation. During the war projects included under Public Law 671 of the Seventy-sixth Congress, certain of which were not completed and had not become low-rent housing projects, were converted to war housing projects. During the

war they have been filled with war workers and others and have been operated on a self-sustaining basis. Under that law these projects were to be converted to low-rent housing projects upon a determination by the President that the emergency no longer required that they be retained for war workers. A short time ago the President made such finding.

The Federal Public Housing Agency then came before our committee and requested the sum of \$4,300,000 to be paid to the local housing authorities where these units were situated. This sum is the total of the absolute maximum that the Federal Government could pay under any circumstances, that is if each apartment were filled with families of the lowest income recognized by the authority. Yet it was admitted by the Federal Public Housing Agency that these apartments were all filled now, that they could not enter into a wholesale eviction because the people now in these projects could find no other place to live, and that practically all the tenants were not in the low income groups, but substantially higher, and able to pay their rent and actually the projects were operating on a self-sustaining basis without necessity for subsidy. It was urged that in the course of the next fiscal year some few new tenants would be taken in from the low-income group and that there would be some necessity for some appropriation to meet this demand.

After some days it being apparent that the committee was hesitant to make the appropriation of \$4,300,000 which would be delivered by the FPHA to these local authorities, representing the full amount that the National Government could be liable for and being perhaps 85 percent more than the Federal Public Housing Authority said itself would be needed to meet any subsidy liability, the FPHA then came back and stated to the committee that on reconsideration they could get by on \$500,000.

It was the opinion of the committee that these projects having been operated on a self-sustaining basis up to the present and it being apparent further that the Federal Public Housing Authority could not evict the present tenants because of no place for them to go that such few vacancies as might arise could be filled with low-income families but the committee felt that low-income families could during this period certainly pay an average rental of \$33 per month for a nice apartment with lights, water, and heat furnished, so that there would be no deficit and no occasion for a subsidy with regard to Public Law 671 projects. There are many facts to sustain this attitude on the part of the committee and therefore the committee wrote into the bill as it passed the House a provision requiring that these projects covered by Public Law 671 should be operated for the next fiscal year without subsidy from the Government as they have been during the war. The Senate, however, struck out this provision. Mr. Wilson Wyatt, Administrator, National Housing Agency, then wrote to the committee the following letter and statement of reasons why the House restrictions should be stricken from the bill:

NATIONAL HOUSING AGENCY,  
Washington, D. C. July 8, 1946.

Hon. JAMIE L. WHITTEN,  
House of Representatives,  
Washington, D. C.

DEAR CONGRESSMAN WHITTEN: The Government corporation appropriation bill (H. R. 6777) as it passed the House included a proviso which would involve the repudiation of Government contract obligations. The enactment of this provision would undermine public confidence that the Federal Government always meets its contract obligations.

The Federal Public Housing Authority, pursuant to express congressional authorization, has entered into contracts to pay annual contributions to local housing authorities to assist in achieving and maintaining the low-rent character of housing projects for families of low income. Although there is no controversy with respect to low-rent projects built before the war which now require annual contributions, the House proviso in the pending bill would prohibit the payment of such contributions on those projects which were temporarily diverted to serve war workers, but which now are required by law to be converted to serving families of low income as rapidly as feasible. Further particulars with regard to this matter are set forth in the enclosed statement.

The drastic effect and significance of this provision cannot be over-emphasized. Its enactment would represent a breach of the pledge by the United States of its full faith and credit. I believe the adoption of this prohibition on the use of funds, thereby compelling the repudiation of a solemn obligation of contract, would constitute a serious reflection upon the Federal Government and the Congress.

It is my understanding that the bill is now in conference. I urge that you take all steps necessary to assure that the House recedes from its position and concurs in the Senate action eliminating this provision from H. R. 6777.

Sincerely yours,

WILSON W. WYATT,  
Administrator.

WHY HOUSE PROVISIO IN H. R. 6777, WHICH PROHIBITS PAYMENT OF CONTRIBUTIONS CONTRACTED FOR, MUST BE DELETED TO AVOID BREACH OF FAITH BY UNITED STATES

To avoid repudiation of Government contracts which the Congress authorized, it is essential that the conferees on H. R. 6777 delete from that bill, as it passed the House, the following proviso:

"*Provided further*, That none of the funds herein shall be used to pay contributions with respect to projects constructed under authority of Public Law 671, Seventy-sixth Congress."

Contracts for financial assistance with respect to such projects were entered into by Federal Public Housing Authority pursuant to express congressional authority contained in the United States Housing Act of 1937, as amended by Public Law 671. Under these contracts local authorities built housing projects in order to make housing available to families of persons engaged in national defense activities during the emergency period as determined by the President. The President having determined that in most localities it is no longer necessary to make dwellings available for persons engaged in national defense activities, the local authorities are now required by their contracts, as well as by Federal and State law, to make these projects available for housing low-income families. Moreover, top preference is being afforded in filling vacancies in these projects to low income families of veterans or servicemen.

In the statute which authorized FPHA to enter into contracts to pay annual contributions the Congress declared:

"The faith of the United States is solemnly pledged for the payment of all contributions



contracted for pursuant to this section, and there is hereby authorized to be appropriated in each fiscal year, out of any money in the Treasury, not otherwise appropriated, the amounts necessary to provide for such payments."

Unless the above proviso is deleted from the bill FPFA will be prohibited from meeting its contractual obligations to pay annual contributions to meet such part of the expenses of operating such projects as is necessary to bridge the actual gap between the cost of housing veteran and other families of low income and the rents which the residents can afford to pay.

Unless annual contributions are paid to these local housing authorities pursuant to their contracts with the Federal Government they will be compelled to go into default on obligations already incurred. The obligation of the Federal Government to pay annual contributions on these 671 projects is based on the result of operations as of the end of local housing authority fiscal years. They are paid 4 to 5 months following the end of such fiscal years, when the books are closed and audited. For example, the annual contributions payable in September and December 1946 cover operating deficits incurred by local housing authorities for fiscal years which ended on March 31 and June 30, 1946, respectively. In such cases there are no possible means for the local authorities to avoid the deficits previously incurred. Consequently the obligation of the Federal Government to pay these contributions has become fixed.

It was necessary for FPFA to pay annual contributions in fiscal 1946 on a few of these 671 projects because of the admission of low income war workers and enlisted military personnel. However, most of these annual contributions which FPFA paid in fiscal 1946 were paid with respect to local housing authority fiscal year operations which ended prior to July 1, 1945, the beginning of the Federal fiscal year 1946.

The inclusion of the above proviso in H. R. 6777 would amount to a repudiation by the Congress of the pledged faith of the United States, which is unthinkable and cannot be within the intention of the Congress.

After H. R. 6777 was passed by the House, FPFA requested an opinion from the Attorney General as to the legal consequences that would ensue in the event the bill as finally enacted contains the proviso prohibiting the use of appropriated funds to pay contributions with respect to Public Law 671 projects. In reply an opinion was received from the Acting Assistant Solicitor General of the United States that the enactment of this proviso, (1) would not operate to void the obligation of contracts to make annual contributions with respect to projects constructed under the authority of Public Law 671; and (2) that failure to make payments otherwise required by any contract would therefore result in a breach of contract by the FPFA and the United States.

The effect of the proviso would therefore be to compel local authorities to sue the United States in the Court of Claims to enforce obligations to which the Congress has pledged the faith of the United States.

The proviso was deleted from the bill by the Senate and sent to conference. It is of the utmost importance that the proviso be deleted from the bill as finally enacted in order to keep the faith of the United States which has been pledged to the payment of such contributions.

FEDERAL PUBLIC HOUSING AUTHORITY.

JULY 5, 1946.

From reading this letter and the attached statement it appears that the Solicitor General's office of the United States has held that to keep such restric-

tion in the bill would not, first, operate to avoid the obligation of contracts to make annual contributions with respect to projects constructed under authority of Public Law 671, and second, that failure to make payments otherwise required by any contract would, therefore, result in a breach of contract by the FPFA and the United States. For these reasons the committee has recommended that the House recede from its position with an amendment.

I feel that the Members of this Congress should give attention to just what this law providing for low-rent housing provides. A national agency is set up with provision for the creation of local public housing authorities, and the national authority can and has them entered into contracts with its local housing authority to pay a share of the rent of each tenant in all projects for 60 years, the annual subsidy so paid by the Federal Government to be up to \$28,000,000 annually. The Solicitor General says then that under the authority of such law where such contracts are entered into as they have been, the Congress is required to appropriate such money, and if it fails so to do, that the Government has violated its contract and is subject to suit.

It may be in order for the Federal Government to aid in the construction of homes and of low-rent projects but certainly it is hard to understand why the Government should in some cases pay a part of the house rent in various cities throughout the country for some individuals and not do so for others similarly situated. Of course, when the original law was passed provision was made for rural homes along the same line but no efforts were ever made to set up any agency for rural homes where the rent would be subsidized and it leads one to the belief that such provision was rather a catch-all to secure votes from members of agricultural areas.

If the Federal Government is to assist in the removal of slums from city areas certainly there should be a requirement that cities enforce health laws and otherwise prevent other sections of such cities from becoming slums. No such requirement exists in the law. If the Federal Government wishes to assist cities in building low-rent homes certainly the Government should do it and get through with it and not provide for a 60-year continuing liability of the Federal Government by authorizing the Federal Public Housing Authority to enter into a contract by binding the Congress and the Federal Government to pay up to \$28,000,000 annually toward the rents of a few citizens of a few cities throughout the Nation. I call attention to this because I understand that bills are pending to further expand this program and to grant due authority to the Federal Housing Agency to enter into new contracts binding the Federal Government for 60 years to make annual contributions costing millions of dollars to certain citizens, tenants of such projects, and leaving the Federal Government subject to suit if such payments are not made. This committee finds itself bound

to make these appropriations for existing authorities due to the fact that the contracts have been entered into under authority of the existing law. Certainly every Member of Congress should realize what this Federal Public Housing Agency is and what the Federal Government is required to do in considering any expansion of any such program which in my judgment would certainly be foreign to the best interests of the Nation.

The committee amendment provides for the use of \$500,000 for meeting subsidy on the 671 projects since under the contract authorized by the law the Federal Government is committed. We have further provided that no such subsidy shall be paid toward the rent of tenants of these projects unless such family is within the lower 25 percent by number on incomes in such city.

#### PATENT OFFICE EMPLOYEES

Mr. LANHAM. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 4080) to amend section 476, Revised Statutes (U. S. C. title 35, sec. 2), providing for officers and employees of the Patent Office, and for other purposes, with Senate amendments, disagree to the Senate amendments and ask for a conference.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. BOYKIN, LANHAM, and HARTLEY.

#### SHORTAGE OF FOOD AND FEED IN MASSACHUSETTS

Mr. FLANNAGAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Resolution 676.

The SPEAKER. The Chair will submit the gentleman's request but advises the gentleman from Virginia that should controversy develop it will have to be withdrawn.

The Clerk read the resolution, as follows.

*Resolved*, That the Secretary of Agriculture is requested to submit to the House of Representatives such facts as may be in his possession with respect to the shortage of food and feed in the Commonwealth of Massachusetts, particularly with respect to the alleged discriminatory shortage of meat, milk, butter, and bread, and of grain suitable for the feeding of poultry and livestock.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. FLANNAGAN. I yield.

Mrs. ROGERS of Massachusetts. The Secretary of Agriculture has given information regarding this resolution. Therefore I shall not discuss it this afternoon, even though I were allowed to. I am not satisfied with what the Department of Agriculture has done in the distribution of food. Does the gentleman from Virginia intend to have the letter from the Secretary of Agriculture published?

Mr. FLANNAGAN. Yes; I may state that I furnished the gentlewoman from

Massachusetts with a copy of the letter when I received it yesterday.

Mrs. ROGERS of Massachusetts. Yes; the gentleman was very courteous. Mr. FLANNAGAN. Mr. Speaker, I move that the resolution be laid on the table.

The motion was agreed to.

#### CONSENT CALENDAR TO BE CALLED TUESDAY, JULY 16, 1946

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that it be in order on Tuesday next instead of Monday for the Consent Calendar to be called.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### EXTENSION OF REMARKS

Mr. OUTLAND asked and was given permission to extend his remarks in the RECORD and include an editorial on the British loan.

Mr. HOFFMAN of Michigan asked and was given permission to extend his remarks in the RECORD following those of the gentleman from Massachusetts [Mr. McCORMACK].

#### ANGLO-AMERICAN FINANCIAL AGREEMENT

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the joint resolution (S. J. Res. 138) to implement further the purposes of the Bretton Woods Agreements Act by authorizing the Secretary of the Treasury to carry out an agreement with the United Kingdom, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of Senate Joint Resolution 138, with Mr. WHITTINGTON in the chair.

The Clerk read the title of the bill.

Mr. SPENCE. Mr. Chairman, I yield 30 minutes to the majority leader the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Chairman, any steps taken toward economic peace is a step toward actual peace. Reasonable assurances of economic peace in the world of today is necessary before the actual peace people everywhere seek and pray for can be accomplished.

The financial agreement entered into between our country and Great Britain, as some have suggested and argued, does not mean we are creating an American-Anglo economic bloc.

Nothing can be farther from the truth than this contention.

The loan has for its basic purpose the prevention of economic blocs, not the creation of a new one.

First of all the agreement is purely a business arrangement in which both the United States and England have made and have received important economic concessions. It is not intended as political in character nor does it provide

economic benefits in return for past or future political or military assistance. Very early in the negotiations all considerations of sentiment and political cultural ties were ruled out of the discussions by the American negotiators.

One of the primary objectives of the financial agreement is to break up the tight British sterling area bloc by enabling England to abolish the sterling area dollar pool and permit holders of sterling balances to convert them into dollars or any other currency. Once these provisions go into effect, Britain will no longer control the trade of the countries which make up the sterling area. These countries will once more be free to buy wherever they please.

The United States has not asked for any special treatment under the terms of the financial agreement which would have the effect of discriminating against the trade of other countries. Under the terms of the agreement Britain not only agrees not to discriminate against United States trade by the use of import restrictions and exchange controls, but she has also agreed not to discriminate against the trade of any other country. What the agreement seeks is the opening up of the trade of England and of the sterling area to all of the countries of the world on a fair and equitable basis. This principle is further developed in our proposals for an international trade organization which the British agreed to in principle at the close of the loan negotiations.

Because we Americans live in a free enterprise system, it is especially important to us that there be no warring economic blocs among nations. Economic warfare and bilateral arrangements mean the channeling of trade and the regimentation of importers and exporters. We believe in a world in which merchants can properly buy and sell wherever they please all over the world.

But trade restrictions and economic blocs also mean a reduced level of world trade. As the world's greatest exporter, this country has much to lose from the universal employment of restrictive trade practices. In fact, large foreign markets are vital to our program for maintaining high levels of employment and production after the war.

There is no intention on the part of the two contracting countries to create an economic bloc. The opposite is sought.

On the other hand, those who advanced the erroneous, far-fetched, and unwarranted assertion that this agreement constituted an economic bloc, overlook the fact that if some other country or countries, voluntarily or through fear or uncertainty, form an economic bloc directed toward the United States and Great Britain, that under such conditions and circumstances we would be justified, in fact, the national interest of our country would require and demand it, that we take proper measures to look after our best interests and to protect ourselves.

Is there any Member of this body that will dare challenge that statement?

And, yet, there is marked evidence that such a condition exists today.

Behind the so-called iron curtain, there are a number of countries, under the influence or domination of the Soviet Union, who are prevented from free contacts with the rest of the world, both in trade, and in other human activities.

Those who oppose approval of the agreement on this ground take the position that we should remain quiet—do nothing, and allow the Soviet attempt to dominate or control Europe and Asia, economically, politically, and socially, to go on unheeded by our country, to which practically all of the other nations of the world are looking to with friendly eyes.

In other words, to abdicate our necessary role in world affairs—adopt the attitude of economic and political isolationism—the policy of appeasement, and thereby leave practically all of the other nations of the world, against their will and desires, subject to the influence, gravity, and the orbit of the Soviet Union.

What a crime that would be to Americans of this generation. What a greater crime it might be to Americans of the next generation.

I do not belong to that school of thought. I do not think many Americans, in full possession of the facts, would belong to that school of thought.

In considering this question, and in voting on it, we cannot permit our likes or dislikes to becloud our minds, or influence our judgment. The main question for each Member to decide is whether or not the approval of the agreement is for the national interest of our country. We should not allow feelings on our part related to the past, or past disagreements, to influence our judgment. We must deal with the world of today and the world of tomorrow, as far as we can reasonably look into the future.

In considering this primary question, the world conditions as they exist today, and will in the years to come, having in mind also our responsibilities and our hopes for constructive progress and peace, having in mind the position of America, and its vast power that can be used for good, having in mind the best interests also of the coming generation, must be considered by us.

We are charged with responsibility, and we should vote as our conscience, judgment, and reason prompts us to, and not as our emotions dictate.

I realize that in the conflict of emotionalism against reason, that to vote on the side of reason takes courage. But where the national interest, present and future, of our country is involved, we must respond to reason, and vote for the national interest of our country. Every country in the world is watching the outcome of this vote, because on it depends whether or not, so far as they are concerned, the United States will assume its place as the leader—constructive leader—among the nations of the world, or fall back again to the isolationism following the days of World War I.

I can, as other Members can also, vouch for the fact that where the conflict of reason against emotionalism exists, as we look back to the days before Pearl Harbor, it takes courage to vote on



the side of reason, and for our national interest. I remember well the passage of the Selective Service Act extension by only one vote.

We were then engaging in legislative battles in this very Chamber to secure the passage of legislation necessary to preserve our country in case of attack.

We are now engaging in legislative and diplomatic battles, and this is one of the legislative proposals necessary to strengthen the postwar era of our country and the civilization of which we are a part, and a most important part.

What we are doing and what we will do in the days to come in the immediate future will also determine to a great extent the kind of a world the next generation of Americans will face and live in. The generation of youth of today who fought the recent war for us, were the forgotten generation of 25 and less years ago. Are we going to have another forgotten generation 25 years from now? That depends on what we, who are charged with responsibility, do in these days.

War never leaves a nation where it found it.

This saying well applies to our country. After World War I we rejected the pleadings of Woodrow Wilson to assume our place, in our own national interest, as a leader among the nations of the world for constructive international action. We turned against the very conditions that called upon our country to be a constructive leader in world affairs. Our own national interest called for it. We followed the journey of isolationism. World War II followed. If we had followed Wilson it might have been averted. We failed to heed his voice. We do know from actual experience that World War II was the inevitable result of failure on the part of nations to act with understanding to outlaw war.

World War II places upon us even a greater responsibility to take our place as a leader among the nations of the world in an effort to bring about permanent peace. If we again reject our responsibility, based on the experiences of the last two wars, we know that the next generation of Americans will face the fear of another war more terrible even than the last one.

It is true that "War never leaves a nation where it found it."

We can close our eyes because of our dislikes or our prejudices, or because of other human impulses or feelings, if we want to, to our responsibilities, but sooner or later we will regret our actions.

It is interesting to note in history how many nations have failed, to their harm and in some cases ultimate destruction, to learn the lessons of their experiences, particularly of wars they engaged in. I am referring to victorious nations of wars of bygone days, who failed to assume their responsibilities after victory.

Whether or not we like it, there are certain things we must do as a nation.

It is our duty to do everything we properly can do to strengthen and preserve here and abroad the way of life we and other peoples believe in, centered around the existence of the dignity and

personality of the individual. That truth that we believe in so strongly comes from the Supreme Being Himself.

Every civilization has its origin in some religious belief. Our civilization—western or Christian civilization—all persons who believe in one God, has its origin in God Himself. Democratic institutions of government—the dignity and personality of the individual—have their origin in God Himself, and of our belief in Him.

With the overthrow of the Czars in Russia, a new civilization was created, as well as an old and broken-down government overthrown.

The Soviet Union of today is more than a government—so far as the force and power of government is concerned, it is a new civilization. As a civilization, it is the opposite of ours, with the state supreme and all-powerful. In addition, it is challenging our civilization directly and other civilizations indirectly. It is a dynamic challenge, and can only be met by forward looking action on our part.

We cannot afford to remain indifferent to the real facts.

There are some persons in the United States who say, "What do we care about what happens in or to Poland, Great Britain, China, Austria, Hungary, Greece, Italy, France, Belgium, or other countries? Let them take care of themselves. What happens to them is none of our business." Such persons are either ignorant of, or indifferent to, the best interests of our country.

They will find out sooner or later that if all the countries of Europe and Asia come under the influence or domination of Moscow that it will mean a great deal to our country and to ourselves. They will then suddenly wake up and demand to know why we failed to act when we should have done so.

Whether or not we like it, the fact remains that practically all of the countries of the world are looking to either Washington or to Moscow.

If we close our eyes; if public opinion fails to mold itself correctly; if our public officials charged with responsibility fail through indifference, uncertainty, or fear to do the things we ought to do in our own national interest, then we leave those countries who look toward Washington with friendly eyes no other alternative but to be subjected to the sphere of influence of Moscow.

We might just as well face the facts and be realistic. If we do, we will get along better with any other nation or nations that might be in a challenging mood. As I see it, we will have to help in a sound and proper way France, Italy, China, Poland, and some other countries.

By so doing we will be serving our own national interest, as well as theirs. We will make democratic institutions of government and the higher things we believe in dynamic, affirmative institutions that they are.

This is common sense applied to the world of today.

We have either to take our place in the world as the leader in preserving and

strengthening those truths we believe in, and that means vision and courageous leadership, or we will go back again into provincialism and isolationism. The latter course means letting the rest of the world take care of themselves the best way they can. Such a course will ultimately be harmful to the best interests of our country and of our people, as well as leaving other countries and peoples the easy prey of totalitarianism.

The latter course on our part is defeatism; it is a journey contrary to our responsibilities in the world of today; it is the road of moral decay here and abroad; it is contrary to our best interests. As I have said before, it will leave other countries and peoples the easy prey to the influence of totalitarianism.

There is an immutable rule of life "that he who fears to come to the aid of others or rescue others cannot count on others helping him."

There are nations in this world who need our assistance in their rehabilitation and reconstruction—in retaining without fear or uncertainty their freedom and independence, and their right to have a government of their free choice—one that represents the free will of their people.

These nations are looking to us for leadership and that leadership must mean something more than mere words. Pope Pius XII, spiritual head of the Catholic Church, has said in substance many times, once very recently, that the world is looking to America for such leadership. Spiritual leaders of other creeds, Protestant and Jew, have expressed themselves along the same lines.

Every nation in the world is watching the outcome of the pending measure. They know that if the pending measure is defeated, which I am confident it will not be, that America has turned its back again on its responsibilities in the field of international action.

The approval of the financial agreement with England has much deeper and broader implications to us and to the rest of the world than the loan itself or the provisions contained in the financial agreement. Those deeper and broad implications we know and we feel.

In the light of existing world conditions, it is in the national interest of our country—which is our primary concern—to approve the agreement.

In the light of the deeper and broad implications involved, it is of paramount importance to our national interest that it be approved, and by an overwhelming vote.

I rest the case for approval on the ground that the national interest of our country, and of our civilization, calls for such action on our part.

Mr. CHELF. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. CHELF. I may say to the gentleman that I have been open-minded on this question ever since it first came before the House for consideration. I have listened very carefully to the gentleman's fine presentation, and to the other presentations that have been made here, both pro and con. I think the gentleman

from Massachusetts hit the nail squarely on the head when he said that the countries of the world are now seeking and crying for leadership as never before. This Congress has got to make up its mind to do one of two things: Either (a) let the countries of the world look to a communistic and atheistic leadership or (b) look to a Christian leadership at Washington. In addition to this, we cannot afford to gamble with the security of our Nation. It has cost us \$300,000,000,000 in treasure to win the war and well over three-quarters of a million casualties in blood. Surely, then, a loan of over three billion is not too much in a conscientious effort to win, sponsor, preserve, and maintain the peace, thereby seeking to avoid a third and a last world war which would destroy all civilization.

For these reasons and others, I have made up my mind to support this resolution, and I am going to cast my vote for it.

Mr. McCORMACK. I am grateful to the gentleman for his frank observation.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. McDONOUGH. I appreciate the gentleman's concern over the danger of lack of an agreement between the Anglo-American nations and Russia, but does the gentleman believe that such agreement as the one under consideration would be looked upon by the Russians as a bilateral agreement not in accord with the spirit of unity among nations?

Mr. McCORMACK. There is no justification for that. The gentleman will notice I said "intent." We are justified in adopting policies which are consistent with America's position of leadership that our country has assumed in the world of today. This is to free commerce from blocs. Let us assume there is a bloc directed against us. I know the gentleman from California would be the last man in the world to say that we should sit idly by and do nothing. Am I right? So I am frank in saying that the intent of this and all other countries of the world proceeding internationally with understanding is to bring about a freer exchange of goods and services. On the other hand, if a bloc exists elsewhere, actually in being or in the process of development, then this agreement that is made will provide affirmative action, will be utilized by us as a necessary means to protect ourselves against that bloc, used for defensive purposes.

Furthermore, the other countries of the world, the small countries with fear and uncertainty as to their own future, have to look one way or the other. If the message is sent to them that they need not look in one of the only two ways in which they must look, then they have no alternative but to choose the other way.

Mr. McDONOUGH. Do I understand, then, that the gentleman's interpretation is that the loan is an agreement of a political nature rather than a financial nature?

Mr. McCORMACK. No; no; the gentleman's interpretation of my argument is entirely wrong. The gentleman will

remember I specifically emphasized the financial character of the loan. Then I discussed the deeper implications of the relationship from the angle that we are wedded to by over nineteen hundred years of ancestry and history, all of us, and over 150 years of our constitutional government, where the uppermost pillar is the dignity and personality of the individual as a human being.

Mr. McDONOUGH. What I have in mind is this: There is more of a desirability to have an association between the British and the Americans, politically and financially, than with any other nation on the face of the earth; is that the gentleman's contention?

Mr. McCORMACK. What does the gentleman think?

Mr. McDONOUGH. I am asking the gentleman.

Mr. McCORMACK. What does the gentleman think?

Mr. McDONOUGH. The gentleman from Massachusetts is speaking.

Mr. McCORMACK. What does the gentleman think?

Mr. McDONOUGH. I am asking you.

Mr. McCORMACK. What does the gentleman think?

Mr. McDONOUGH. I think there is. Mr. McCORMACK. Then, all right. I will not challenge the gentleman's answer to his own question.

Mr. McDONOUGH. The gentleman ought to be fair and give us his opinion.

Mr. McCORMACK. I said I did not challenge the gentleman's own answer to his question.

Mr. McDONOUGH. Then there is a political significance?

Mr. McCORMACK. There is no political significance about this as intended. The gentleman, I am sure, is capable of drawing a distinction between intent and results.

Mr. McDONOUGH. Is this a gift?

Mr. McCORMACK. Why, the gentleman now shifts. Of course, it is not.

Mr. McDONOUGH. Is it a loan?

Mr. McCORMACK. Why, the gentleman knows it is.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Ohio.

Mr. VORYS of Ohio. At this point I think it is quite interesting and significant that neither the President nor the Secretary of State referred to it as a loan but as a financial agreement.

Mr. McCORMACK. It is a financial agreement. That is the technical term but, of course, it is a loan.

Mr. McDONOUGH. In the hearings Mr. Will Clayton, of the State Department, referred to it not as a gift, not as a loan.

Mr. McCORMACK. Is my friend going to vote for the agreement or not?

Mr. McDONOUGH. I will decide that when the roll is called.

Mr. McCORMACK. Then I have hopes that I may convert my friend because if ever in the last several hundred years we needed a spirit of constructive conversion it is today, not only in America, but elsewhere, based upon those truths in which we believe.

Mr. McDONOUGH. From what the gentleman has said I conclude, if I understand his language correctly, and in the eloquence in which he delivered it—

Mr. McCORMACK. The gentleman flatters me. I would appreciate it if he would use the word "sincerity" instead.

Mr. McDONOUGH. There is more political significance in what the gentleman has said than there is in a commercial agreement or a commercial loan.

Mr. McCORMACK. The gentleman's conclusion is again in error. I discussed the agreement from the angle of the intent of the contracting parties, then I reviewed world conditions and showed what some other country or countries might force the result to be. There is a big difference between intent and result. Certainly we are justified in taking such steps as are consistent with our national interests and with the things we are wedded to and in which we firmly believe. In my opinion, this is one of the steps that is very much needed in this world of today.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. WOLCOTT. Mr. Chairman, I yield 30 minutes to the gentleman from Ohio [Mr. SMITH].

Mr. SMITH of Ohio. Mr. Chairman, in appraising the Anglo-American agreement providing for an advance to Great Britain of \$3,750,000,000 it is proper to review some of the more important activities relating to our foreign policy. We should try to determine whether those procedures worked out in accordance with avowed purposes and if so to what extent. This will give us some idea of what to expect from this agreement if approved by Congress.

I believe a study of the record of our Government's foreign policy during the last 10 years or so will show that it is characterized by an almost unbroken series of defaulted promises. Without questioning anyone's motives or the merits of the deeds, let us run over a few outstanding cases.

The Arms Embargo Act was passed as a gesture of neutrality when Europe was at peace and there was no undue demand upon us for war goods.

When Europe became involved in war, when our unemployed numbered approximately 10,000,000, and prospects for sales of war supplies abroad developed, the arms embargo was lifted in the name of preserving peace. That this act was a step toward war, all now agree.

One of the main reasons for imposing peacetime conscription upon our people was that it would protect us against war. It had the opposite effect.

The Lend-Lease Act was passed when the number of idle workers had hardly diminished and the problem of the depression was farther away from solution than it ever had been. Lend-lease was to be a panacea for preventing war. Lend-lease would make the United States the arsenal of democracy and give us a vicarious war, one in which we would furnish the bullets while our friends



across the sea would do the bleeding and dying.

The world at large now knows that the Lend-Lease Act was a covert declaration of war, that it almost immediately brought us into a clandestine shooting war, and that it was the imperative for bringing us into the conflict with all our resources, provocation or no provocation.

The casualty list belies the claim made that lend-lease would make it possible for us to fight a vicarious war.

The Atlantic Charter was hailed by its creator as a sort of world magna charta that would bring all mankind into a brotherly fraternity and abolish want and fear. But true to form, it fizzled out and was finally abandoned by its own maker and cast aside as a mere scrap of paper.

Yalta and Teheran and the secret agreements entered into there are further examples of misplaced faith in our foreign policy.

UNO which was to abolish war forever and bring all races and peoples into a common fold under a single government of everybody's own choosing where all could hereafter live happily and peacefully has already become so deflated that it is hardly possible to recognize any of the virtues originally ascribed to it.

The Keynes-Morgenthau scheme, prettily named Bretton Woods agreements, evolved the grand and all embracing international political machinery which would cause all participating nations to lay down their weapons of economic warfare and permanently do away with all trade barriers, currency restrictions, quotas and other discriminatory trade practices, and make trade flow as freely among the nations of the world as the oxygen we breathe. One would have thought from some of the claims made in support of that scheme that it would furnish an almost ironclad guarantee against all future wars.

As the Banking and Currency Committee hearings and congressional debate will show, the Congress and the Nation were given the impression that the Keynes-Morgenthau scheme as presented to Congress was complete and that nothing more was needed to make it function in the manner indicated. Our committee was given definitely to understand that no further requests for funds would be necessary.

But once again a hitch developed somewhere. The New Deal found something important lacking in its international financial contraption. In fact it was found so lacking in completeness that its creator, the late Lord Keynes, along with his Government refused to have anything to do with it unless the missing element was supplied. A "line of credit" amounting to \$3,750,000,000 must be furnished to Britain by the United States to perfect the machinery and put it in running order. Unless this were done, Britain threatened to remain isolationist and invoke all the Schachtian currency restrictions and discriminatory trade practices against us and smash into smithereens all hopes for an enduring peace.

But if we supplied the missing part all would be well with Great Britain. She

would join the fund and bank. After this deficiency was supplied, nothing more would be needed than to press a button, and, ipso facto, all trade barriers, currency restrictions, sterling area dollar pools, and so forth, would be made to vanish from the channels of trade and world peace would be assured.

Am I indulging in hyperbole? Listen to what Mr. Byrnes, Secretary of State, has to say on this point.

The British financial agreement, he asserts:

Will dissolve a whole vast system of trade controls and discriminations arising out of the economic difficulties of the war. \* \* \* The British loan is the first essential economic step toward peace and security.

Not one claim has been made for the Anglo-American agreement that was not put forward for the International Monetary Fund and Bank.

How strange that our committee and the Congress were given no inkling that the additional sum of \$3,750,000,000 would be sought for Britain at the time the fund and bank were under consideration as being necessary to put these institutions into operation.

Are we really to believe that the late Lord Keynes, master mind behind this whole scheme to have the United States underwrite the economies of the United Nations and the economy of Great Britain in particular, did not know at the time the fund and bank were under consideration that this additional sum would be required to make those two institutions function?

Are we so naive as to think our own top Government officials did not know this? Or could it really be possible that they were not aware that an additional advance of \$3,750,000,000 would have to be made to Britain before the fund and bank could be made to operate? If they did lack this knowledge they were woefully short in their understanding of the International Monetary Fund and Bank agreements. On the other hand, if the officials who spoke for the administration did know this then they utterly failed in performing their duty to their country for having kept this knowledge from the Congress.

With this long record of failures and broken promises before us how can we have any faith in anything that is being said in support of this advance to Britain. Any judgment formed in respect to this \$3,750,000,000 so-called loan must be predicated on this record.

It is very important to analyze the claim being made by the proponents of this advance that it would serve the purpose of preserving free enterprise in Great Britain and staying the drift toward collectivism that is now in process there. No more preposterous claim than this could possibly be made. In the first place this is a deal that is primarily confined to governments. It is not a financial transaction between private enterprises of the United States and Great Britain.

The undertaking involves, in the first instance, the absorption by the Government of the United States of the social control and use of \$3,750,000,000 in American services and goods. These

services and goods are, in the second instance placed in the control and at the disposal of the British Government. The transaction is a wholly intergovernmental transaction and lies entirely outside the realm of private enterprise.

It should be borne in mind that our Government has long ago exceeded the limits of taxation that are essential to the maintenance of a free competitive enterprise system and private ownership of property which the Constitution postulates and which were fairly well maintained up to World War I.

Not only so, but the Government now exercises on a grand scale the power of directly confiscating private property. It does this by paying its bills out of printing-press money.

These inordinate powers of taxation and confiscation are the very essence of collectivism. It is upon these powers that the Government depends for raising the funds required to satisfy the line of credit called for in the Anglo-American agreement.

Hence we see that the acquirement of this fund by our Government is essentially a collectivist procedure.

Once the goods which the line of credit will purchase came into the hands of the British Government they would be arbitrarily distributed to its citizens, say, to meet its cradle-to-the-grave commitments; or in the form of various kinds of loans; or for cash. Competition, the heart of free enterprise, would in no way enter into the process. The disposition by the British Government of the \$3,750,000,000 would be a purely collectivist procedure.

So we see that this whole transaction, the raising of the fund by our Government and the disposition of it by the British Government, would be a collectivist transaction and the very antithesis of free private enterprise.

Control and operation by the individual governments of foreign trade is rapidly progressing.

The Anglo-American agreement will supplement the International Monetary Fund and Bank and the Export-Import Bank in destroying what is left of voluntary commercial, monetary, and financial dealings between the private citizens of different nations. A rigid totalitarian control is superseding all international economic transactions.

National and international collectivism are progressing apace.

Just as the New Deal is establishing collectivism in our domestic economy in the name of preserving free private enterprise at home so it is establishing collectivism in the international domain in the name of preserving free private enterprise abroad.

In appraising the New Deal we should always keep in mind that it is completely dominated by the urge to acquire control over the lives of our citizens. Regimentation by the democratic process for the purpose of exploitation is its overmastering goal.

The New Deal has never been interested in government, but only domination. Its whole foreign policy is predicated on this proposition. National and international commercial, financial, and other transactions are not separate

entities. They are parts of a whole. What affects the one affects the other.

The control which the New Deal acquires over our international relations and dealings must be reflected in our domestic relations and dealings. By as much as it can control our foreign transactions it can control our domestic transactions.

The spending mania of the New Deal and the accompanying delusion that the resources of the United States are unlimited spring primarily from the power acquired by the New Deal to exceed the due limits of taxation, but more especially from the usurped power to confiscate private property by the use of Government printing-press money.

This morbid urge for spending at home and scattering funds by the billions to the four corners of the earth is further enhanced by the anomalous idea that the billions of printed paper dollars in circulation and the printable dollars which exist in the form of bank deposits and Government securities are real wealth, or represent real wealth.

How much wealth do those dollars truly represent? No one can exactly tell, but all of us may be sure, surprisingly little.

When one gets off the beam and loses his understanding of what constitutes money, which is the simplest thing in the world to understand, it being nothing but gold and silver untouched by the hand of politics, there just seems to be no end to this mental pejoration. This has now gone so far that the devotees of the cult of New Dealism mistake the dollar sign for money itself. It is an old, old supersitition, of course, the mistaking of symbols for the realities themselves. Ancient Egyptian physicians believed in the potency of signs and made their patients swallow the prescription as well as the medicine prescribed. It should not be surprising to see the New Deal come out one day with a formula for manufacturing patriotism. Why, if it can fabricate money ad infinitum with a printing press, can it not produce a superabundance of patriotism by stamping out flags?

I do not know how much Lord Keynes had to do with creating the New Deal idea that we could make ourselves rich by printing dollar signs on bits of paper. Certain it is, however, that the greatest of all monetary quacks had the freest and most welcome entree to the White House when New Dealism began to take form. Certain it is, also, that he gave advice to the then incumbent of the grand mansion respecting the merits of printing-press money. He recommended to the President the use of printing-press money to cure the depression.

Lord Keynes wrote a letter to the President on the subject.

After indicating the desirability of devising a short-range recovery program which would put the President in a position to accomplish long-range reform, he said this could be done only by the Government creating additional current incomes through the expenditure of borrowed or printed money, and that only from such borrowed or printed money could be expected initial major impulses.

The above referred to letter of Lord Keynes to President Roosevelt will appear in full at the end of my remarks. It is a long letter and full of meat, if you are interested in finding out how we got this way.

That Lord Keynes became a powerful force in this country will hardly be questioned by any one who knows the facts. He was a frequent sojourner in Washington and on occasion stayed for months. He conceived the plan for an international clearing union from which was derived every important provision of the International Monetary Fund.

Lord Keynes wielded an evil spell over our top public officials that probably had never been paralleled. The influence which John Law exercised over the Regent of France was extraordinarily great, and Law's system brought indescribable ruin upon a large part of the citizenry of France. But I predict that the evils that will result from the influence exercised over our public officials by Lord Keynes will be so much greater than those experienced by the French under Law's system that no comparison whatever between the two will be possible.

What perhaps charmed our public officials was Lord Keynes' recommendation to solve the depression by creating great public works and paying for them with government printing-press money. That was so easy to do. Brains would not be needed. President Roosevelt said it took courage.

Why all this fuss about the Anglo-American agreement abolishing bilateral trade agreements? What in the world is this Anglo-American agreement itself but a bilateral trade agreement? Justice Roberts gave some interesting testimony before the committee bearing upon this point. He quoted from a circular entitled "What the British Loan and Trade Agreement Means to You?" containing a lot of questions and answers relating to the proposed advance to Great Britain. Justice Roberts is sponsoring this circular.

Quoting from the circular:

Question. What good does the loan do Britain?

Answer. British buyers can quickly obtain United States wheat, cotton, and pork products; also United States steel for reconstruction, United States dynamos to replace destroyed electric-power plants, United States Army trucks, United States oranges, lemons, and apples, United States milk products, and United States machinery and machine tools. Otherwise the British would have to wait a long time to get enough of these products from other sources.

Question. From what other sources could Britain buy such goods if it does not receive the dollar loan?

Answer. From countries whose money is not dollars.

Question. What countries would Britain buy from if it received no dollar credit?

Answer. First, from those countries whose money is the pound sterling; and, second, from those countries whose money is tied closely to the pound sterling, like Argentina, Sweden, and Holland.

Question. Could countries other than the United States supply all the goods and food Britain needs?

Answer. Not immediately, but in the long run, yes; although perhaps at higher prices. In the long run, Britain will get somewhere

its essential needs if the United States does not supply them.

How will the people in Sweden, Holland, Switzerland, and many other countries feel when they read this soliloquy? Will not they view the arrangement as a bilateral trade agreement? What else could they label it?

Because the United States and England are the two leading trading nations of the world makes the agreement nonetheless bilateral.

Will not the other nations of the world view this arrangement as a plan by the United States and Great Britain to control the international trade of the world? Of course they will, and that this is inherent in the scheme by its very nature cannot be, in my judgment, successfully disputed.

The proponents of this advance to Britain admit that there is a lot of opposition to it. They say the reason for this is that the people who oppose it do not understand it, or that they do not like England and want to fight the Battle of Valley Forge over again.

Mr. William L. Clayton, Assistant Secretary of State, even went so far as to imply that Mr. Jesse Jones, who opposes this advance to England, was incompetent to take a position on the matter. Mr. Clayton said that Mr. Jones does not understand bilateral trade agreements; that he has had too little experience in foreign trading to understand it. I doubt if many people who know about Mr. Jesse Jones' experience will agree with Mr. Clayton. In my opinion, Mr. Jones is one of the very few men in the United States who really does understand this proposition.

I think men of intelligence and integrity can honestly oppose this proposal. There is no indication that those who oppose this advance to Britain know less about it than the ones favoring it. Nor is there the least ground for the charge that we are anti-British. The opponents of this measure could just as legitimately charge the proponents of it with being unpatriotic—with having more love for England than their own country.

Aside from the proposal to extend to Great Britain credit in the amount of \$3,750,000,000 to be repaid over a period of 55 years at less than 2 percent interest, to purchase goods and services from the United States or any other country, to help her meet postwar deficits in her current balance of payments, and to maintain adequate reserves of gold and dollars, there is little of much consequence to be said about this deal.

The interest can be waived at the pleasure of Britain provided she finds a waiver is necessary, depending upon present and prospective conditions of international exchange and the level of its gold and foreign exchange reserves, further depending upon her certifying "that the income of the United Kingdom from home-produced exports, plus her net income from invisible current transactions in her balance of payments was on the average over the five preceding years, less than the annual average amount of her United Kingdom imports during 1936-38, fixed at £866,000,000, as such



figure may be adjusted for changes in the price level of these imports."

This can mean many things and provides plenty of leeway for various interpretations.

It is claimed the agreement provides for the removal of the sterling area dollar pool as a quid pro quo for the \$3,750,000,000 advance. We were told the International Monetary Fund would provide that. It was admitted by witnesses that the fund did provide for the removal of the sterling area dollar pool. But instead under the fund agreement that would be done over a 5-year period, whereas under the Anglo-American agreement it would be done in 1 year.

There is, of course, no definite commitment on the part of Great Britain that she will remove any of her bilateral trade agreements.

I find no definite quid pro quo anywhere in the document.

Lord Keynes' pet provision to vest in the International Monetary Fund which, under the conditions that prevail, means Great Britain will have vast power over our exports and tariff policy.

I am opposed to the Anglo-American agreement because I mistrust the reasons given for it. Somebody deliberately perverted the facts when the international Monetary Fund was under consideration, or Government officials responsible for setting up that institution were unbelievably stupid in thinking it was complete when it needed \$3,750,000,000 more to make it function.

I am opposed to handing over to Great Britain this \$3,750,000,000 because the United States Government must rely upon its illicit power to confiscate the private property of our citizens in order to raise this sum.

I am opposed to this proposition because it takes us further down the road of collectivism.

I am opposed to this proposal because I believe it will in the long run be harmful to world trade and will help no country.

I am opposed to it because we cannot afford it. There is no indication that Great Britain is not as well or better off financially than the United States.

I am opposed to advancing this money to Britain because it will increase the amount of credit and add to the inflationary pressure.

I am opposed to handing over to Great Britain this \$3,750,000,000 to purchase American goods because that will aggravate the existing shortage of commodities and lift prices to a higher level.

I am opposed to giving this money to Great Britain without at least some collateral as security. She has collateral which she could provide.

Finally, I am opposed to the Anglo-American Financial Agreement because British financiers are far more able and experienced than our own and are making the most of this situation.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Ohio. I yield to the gentleman from Illinois.

Miss SUMNER of Illinois. There seems to be a movement on foot to have

a face-saving amendment adopted, putting collateral on here. I think the gentleman will agree that this thing is so filled with loopholes that they could stop their interest payments or any of these things that they are alleged to have promised the day after we make the loan if they want to. By providing that they give collateral is nothing; it is just fooling the public.

I mean to say this agreement is no good and hanging collateral on it does not mean anything. There is no promise at all. It is simply a method of fooling the public. They have not agreed to anything in this agreement.

Mr. SMITH of Ohio. The gentleman is correct; they have not agreed to anything.

Miss SUMNER of Illinois. No person or group of persons have been so fooled by an agreement as they have been by this one.

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Ohio. I yield to the gentleman from Ohio.

Mr. JENKINS. I am sure that practically every Member of this House looks upon the distinguished gentleman who is now addressing the House as one of the most able financial experts in the House because of his long years of study of this question. I listened to his statement to the effect that there is no contract, no basis between us, except simply that the money is going to be paid out. So, generally speaking, if we get anything out of it, we will get it through trade. If we put \$3,750,000,000, nearly \$4,000,000,000, on the line for a chance to trade, then we will, of course, be at a disadvantage. We will have to take the trade accordingly as they will determine they want to give it to us.

Mr. SMITH of Ohio. We will have to take mouth organs if that is all they have to give us in exchange.

Mr. JENKINS. In other words, we will have to take from them whatever they desire and whatever they are inclined to give to us.

Mr. SMITH of Ohio. That is right.

[From American Affairs of April 1946]

#### AN OPEN LETTER

(By John Maynard Keynes)

LONDON, December 30.

DEAR MR. PRESIDENT: You have made yourself the trustee for those in every country who seek to meet the evils of our condition by reasoned experiment within the framework of the existing system.

If you fail, rational change will be gravely prejudiced throughout the world, leaving orthodoxy and revolution to fight it out.

But if you succeed, new and bolder methods will be tried everywhere, and we may date the first chapter of a new economic era from your accession to office.

This is a sufficient reason why I should venture to lay my reflections before you, though under the disadvantages of distance and partial knowledge.

#### OPINION IN ENGLAND

At the moment your sympathizers in England are nervous and sometimes despondent. We wonder whether the order of different urgencies is rightly understood, whether there is a confusion of aims, and whether some of the advice you get is not crack-brained and queer.

If we are disconcerted when we defend you, this is partly due to influence of our environment in London. For almost everyone here has a wildly distorted view of what is happening in the United States.

The average city man believes you are engaged on a hare-brained expedition in face of competent advice, that the best hope lies in your ridding yourself of your present advisers, to return to the old ways, and that otherwise the United States is heading for some ghastly break-down. That is what they say they smell.

There is a recrudescence of wise head wagging by those who believe the nose is a nobler organ than the brain. London is convinced that we only have to sit back and wait and see what we shall see. May I crave your attention, while I put my own view.

You are engaged on a double task, recovery and reform—recovery from the slump, and the passage of those business and social reforms which are long overdue. For the first, speed and quick results are essential. The second may be urgent, too; but haste will be injurious, and wisdom of long-range purpose is more necessary than immediate achievement. It will be through raising high the prestige of your administration by success in short-range recovery that you will have the driving force to accomplish long-range reform.

On the other hand, even wise and necessary reform may, in some respects, impede and complicate recovery. For it will upset the confidence of the business world and weaken its existing motives to action before you have had time to put other motives in their place. It may overtask your bureaucratic machine, which the traditional individualism of the United States and the old spoils system have left none too strong. And it will confuse the thought and aim of yourself and your administration by giving you too much to think about all at once.

#### NRA AIMS AND RESULTS

Now I am not clear, looking back over the last 9 months, that the order of urgency between measures of recovery and measures of reform has been duly observed, or that the latter has not sometimes been mistaken for the former. In particular, though its social gains are considerable, I cannot detect any material aid to recovery in the NRA. The driving force which has been put behind the vast administrative task set by this act has seemed to represent a wrong choice in the order of urgencies. The act is on the statute book; a considerable amount has been done toward implementing it; but it might be better for the present to allow experience to accumulate before trying to force through all its details.

Thus, my first reflection—that NRA, which is essentially reform and probably impedes recovery, has been put across too hastily, in the false guise of being part of the technique of recovery.

My second reflection relates to the technique of recovery itself. The object of recovery is to increase the national output and put more men to work. In the economic system of the modern world, output is primarily produced for sale; and the volume of output depends on the amount of purchasing power, compared with the prime cost of production, which is expected to come on the market.

Broadly speaking, therefore, an increase of output can occur only by the operation of one or other of three factors. Individuals must be induced to spend more out of their existing incomes, or the business world must be induced, either by increased confidence in the prospects or by a lower rate of interest, to create additional current incomes in the hands of their employees, which is what happens when either the working or the fixed capital of the country is being increased; or

public authority must be called in aid to create additional current incomes through the expenditure of borrowed or printed money.

In bad times the first factor cannot be expected to work on a sufficient scale. The second factor will only come in as the second wave of attack on the slump, after the tide has been turned by the expenditures of public authority. It is, therefore, only from the third factor that we can expect the initial major impulse.

#### THE PROBLEM OF RISING PRICES

Now there are indications that too technical fallacies may have affected the policy of your administration. The first relates to the part played in recovery by rising prices. Rising prices are to be welcomed because they are usually a symptom of rising output and employment. When more purchasing power is spent, one expects rising output at rising prices. Since there cannot be rising output without rising prices, it is essential to insure that the recovery shall not be held back by the insufficiency of the supply of money to support the increased monetary turn-over.

But there is much less to be said in favor of rising prices if they are brought about at the expense of rising output. Some debtors may be helped, but the national recovery as a whole will be retarded. Thus rising prices caused by deliberately increasing output have a vastly inferior value to rising prices which are the natural result of an increase in the Nation's purchasing power.

I do not mean to impugn the social justice and social expediency of the redistribution of incomes aimed at by the NRA and by the various schemes for agricultural restrictions. The latter, in particular, I should strongly support in principle. But too much emphasis on the remedial value of a higher price level as an object in itself may lead to serious misapprehension of the part prices can play in the technique of recovery. The stimulation of output by increasing aggregate purchasing power is the right way to get prices up; and not the other way around.

Thus, as the prime mover in the first stage of the technique of recovery, I lay overwhelming emphasis on the increase of national purchasing power resulting from governmental expenditure which is financed by loans and is not merely a transfer through taxation from existing incomes. Nothing else counts in comparison with this.

#### BOOM, SLUMP, AND WAR

In a boom, inflation can be caused by allowing unlimited credit to support the excited enthusiasm of business speculators. But in a slump governmental loan expenditure is the only sure means of obtaining quickly a rising output at rising prices. That is why a war has always caused intense industrial activity. In the past, orthodox finance has regarded a war as the only legitimate excuse for creating employment by governmental expenditure. You, Mr. President, having cast off such fetters, are free to engage in the interests of peace and prosperity the technique which hitherto has only been allowed to serve the purposes of war and destruction.

The set-back American recovery experienced this past autumn was the predictable consequence of the failure of your administration to organize any material increase in new loan expenditure during your first 6 months of office. The position 6 months hence will depend entirely on whether you have been laying the foundations for larger expenditures in the near future.

I am not surprised that so little has been spent to date. Our own experience has shown how difficult it is to improvise useful loan expenditures at short notice. There are many obstacles to be patiently overcome, if

waste, inefficiency, and corruption are to be avoided. There are many factors I need not stop to enumerate which render especially difficult in the United States the rapid improvisation of a vast program of public works. I do not blame Secretary Ickes for being cautious and careful. But the risks of less speed must be weighed against those of more haste. He must get across the crevasses before it is dark.

The other set of fallacies, of which I fear the influence, arises out of a crude economic doctrine commonly known as the quantity theory of money. Rising output and rising incomes will suffer a set-back sooner or later if the quantity of money is rigidly fixed. Some people seem to infer from this that output and income can be raised by increasing the quantity of money. But this is like trying to get fat by buying a larger belt. In the United States today your belt is plenty big enough for your belly. It is a most misleading thing to stress the quantity of money, which is only a limiting factor, rather than the volume of expenditure, which is the operative factor.

It is an even more foolish application of the same ideas to believe that there is a mathematical relation between the price of gold and the prices of other things. It is true that the value of the dollar in terms of foreign currencies will affect the prices of those goods which enter into international trade. Insofar as an overvaluation of the dollar was impeding the freedom of domestic price-raising policies or disturbing the balance of payments with foreign countries, it was advisable to depreciate it. But exchange depreciation should follow the success of your domestic price-raising policy as its natural consequence, and should not be allowed to disturb the whole words by proceeding its justification at an entirely arbitrary pace. This is another example of trying to put on flesh by letting out the belt.

#### CURRENCY AND EXCHANGE

The criticisms do not mean that I have weakened in my advocacy of a managed currency or in preferring stable prices to stable exchanges. The currency and exchange policy of a country should be entirely subservient to the aim of raising output and employment to the right level. But the recent gyrations of the dollar have looked to be more like a gold standard on the "booze" than the ideal managed currency of my dreams.

You may be feeling by now, Mr. President, that my criticism is more obvious than my sympathy. Yet truly that is not so. You remain for me the ruler whose general outlook and attitude to the tasks of government are the most sympathetic in the world. You are the only one who sees the necessity of a profound change of methods and is attempting it without intolerance, tyranny, or destruction. You are feeling your way by trial and error, and are felt to be, as you should be, entirely uncommitted in your own person to the details of a particular technique. In my country, as in your own, your position remains singularly untouched by criticism of this or the other detail. Our hope and our faith are based on broader considerations.

If you were to ask me what I would suggest in concrete terms for the immediate future, I would reply thus:

#### CONSTRUCTIVE CRITICISM

In the field of gold devaluation, and exchange policy the time has come when uncertainty should be ended. This game of blind-man's buff with exchange speculators serves no useful purpose and is extremely undignified. It upsets confidence, hinders business decisions, occupies the public attention in a measure far exceeding its real

importance, and is responsible both for the irritation and for a certain lack of respect which exists abroad.

You have three alternatives. You can devalue the dollar in terms of gold, returning to the gold standard at a new, fixed ratio. This would be inconsistent with your declarations in favor of a long-range policy of stable prices, and I hope you will reject it.

You can seek some common policy of exchange stabilization with Great Britain aimed at stable price levels. This would be the best ultimate solution, but it is not practical politics at the moment, unless you are prepared to talk in terms of an initial value of sterling well below \$5 pending the release of a marked rise in your domestic price level.

Lastly, you can announce that you will control the dollar exchange by buying and selling gold and foreign currencies at a definite figure so as to fight wide or meaningless fluctuations with a right to receive the parities at any time, but with a declared intention only so to do either to correct a serious want of balance in America's international receipts and payments or to meet a shift in your domestic price level relative to price levels abroad.

#### THE FAVORED POLICY

This appears to me your best policy during the transitional period. You would be waiving your right to make future arbitrary changes which did not correspond to any relative change in the facts, but in other respects you would retain your liberty to make your exchange policy subservient to the needs of your domestic policy—free to let out your belt in proportion as you put on flesh.

In the field of domestic policy, I put in the forefront, for the reasons given above, a large volume of loan expenditure under Government auspices. It is beyond my province to choose particular objects to expend. But preference should be given to those which can be made to mature quickly on a large scale, as, for example, the rehabilitation of the physical condition of the railroads. The object is to start the ball rolling.

The United States is ready to roll toward prosperity, if a good hard shove can be given in the next 6 months. Could not the energy and enthusiasm which launched the NRA in its early days be put behind a campaign for accelerating capital expenditures, as wisely chosen as the pressure of circumstances permits? You can at least feel sure that the country will be better enriched by such projects than by the involuntary idleness of millions.

#### PLENTY OF CHEAP CREDIT

I put in the second place the maintenance of cheap and abundant credit, in particular the reduction of the long-term rate of interest. The turn of the tide in Great Britain is largely attributable to the reduction in the long-term rate of interest which ensued on the success of the conversion of the war loan. This was deliberately engineered by the open-market policy of the Bank of England.

I see no reason why you should not reduce the rate of interest on your long-term Government bonds to 2½ percent or less, with favorable repercussions on the whole by the market, if only the Federal Reserve System would replace its present holdings of short-dated Treasury issues in exchange. Such a policy might become effective in a few months, and I attach great importance to it.

With these adaptations or enlargements of your existing policies, I should expect a successful outcome with great confidence. How much that would mean, not only to the material prosperity of the United States and the whole world, but in comfort to men's



minds through a restoration of their faith in the wisdom and the power of Government. With great respect, your obedient servant,  
J. M. KEYNES.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. GAMBLE. Mr. Chairman, I yield 30 minutes to the gentleman from Pennsylvania [Mr. KUNKEL].

Mr. KUNKEL. Mr. Chairman, there is no shred of isolationism involved in rejecting the financial agreement with the United Kingdom. Undoubtedly, there is a strong desire in the hearts and minds of many Americans to draw away from the strife and quarrels pervading all parts of the world. This is only natural. Indeed, we come by it by heredity. The original founding fathers left Europe in order to create a new world wherein they could pursue their own destinies unhampered by the discord of the Old World. They sought freedom—not only freedom to create a nation according to their own thought and image, but also freedom from the eternal bickerings of Europe with its oppression and its archaic social order. And countless thousands have come to these shores from various European countries since then with these same thoughts deeply embedded in their minds. Millions of Americans devoutly pray that we could follow such a course today. Unfortunately, this cannot be done. Time and space have been annihilated by man's inventions. No matter how deep the desires of any modern group to remove themselves from the harshness and the impacts of the rough and treacherous modern world might be, they could find no spot anywhere free from the shadow of the events happening in areas far distant. The Himalayas blend into the Ozarks.

Isolationism is dead. It is dead not because no one seeks it, but because it is unattainable. Let us recognize the fact without castigating the impulse. We must play our part. Since we cannot avoid involvement not only in Europe, but also in Asia, Africa, and elsewhere, our role must be to reduce those quarrels to a minimum, and at all cost prevent the outbreak of another war. We must act with intelligence and caution. Entering to the full in the world arena does not mean the blind acceptance of every international commitment laid before us by every Fred, Bill, and Harry for our approval. We must use discrimination, judgment, and common sense. We cannot accept blindly any more than we can reject blindly. If our general objective is to evolve a world of free and prosperous peoples, living under conditions unlikely to cause the frictions productive of war, trading with each other with growing freedom, then we should not embark upon any proposal the consequences of which are to continue a status quo proven by history and experience to result inevitably in wars. Nor should we bring to life a situation causing deep-seated ill feeling. To attempt to do so would be to waste our substance in fruitless effort. We must use our assets wisely. It is not enough to accept international commitments just because they are international commitments and then to beat our breasts and cry, "See, see, I

am not an isolationist." It is not how much we do, but the wisdom of what we do. An international commitment, as such, is no sacred cow. Each one must be weighed in the balance.

Personally, no one feels more keenly than I the importance of a close association between the English-speaking peoples of the world. We must and should for our own interests support the United Kingdom, the British Isles. Our interests in western Europe—perhaps in all Europe—are somewhat identical to those of the United Kingdom. Our legal system, and many of our customs, even our language, are derived in large part from this group of islands. For many sound reasons we must give the United Kingdom support, but it should not be done so as to commit us to a policy against our vital interests in other areas of the world. We have already overlooked great opportunities to help British policy where it coincides completely with our own through the neglect and errors of our President and our executive departments in this postwar period. We cannot pay off for those mistakes just by an ill-advised loan. We should have supplied more food and materials to help build a sound western Europe starting early in 1945. We should watch for occasions when we can use our strength to support mutual interests. But it should be in accord with our own policy for world betterment.

The British loan or financial agreement is neither a loan in the true sense of the word nor is it a financial agreement. Even its most ardent proponents admit it is not a true loan. It is not a financial agreement for several reasons. First, it only arranges future agreements through consultations to be worked out in the future for most of the problems supposed to be decided. Secondly, changed conditions in the United Kingdom prevent us from securing the consideration or quid pro quo which the Treasury and State Departments claim we will receive thereunder. Therefore, it must be justified upon the ground of international policy. If there is a policy involved, I contend it is a bad policy. It is a policy designed to promote, and likely to cause, those things we least desire. It is a policy which will block off the objectives we devoutly seek to attain.

We must not be confused by names. We must not be blinded by the word "loan" or the phrase "financial agreement." Shortly before the war this Congress passed the Lend-Lease Act. I voted for it, although it was clear to me that we were not lending and we were not leasing. This has become clear to everyone since the settlements of lend-lease. What we did do at that time was to adopt a policy. That policy was the defense of the British Isles and western Europe against nazism and Hitler Germany. By doing this we held a shield before us—we protected our own security. There were other advantages to the Lend-Lease Act, but this was the central idea. It was one of international policy.

Under the Lend-Lease Act our actual commitments were confined to financial aid and to supplying the sinews of war to our friends. Circumstances were such

as to force us later to use military force in order to follow through on the policy. Inasmuch as the policy was sound, the results were good. It was a wise decision fully justified by subsequent events. We won the war, aided by our Allies. But the implications were apparent in the original Lend-Lease Act.

If the British loan is essentially in the nature of a policy, then we must examine, microscopically, the implications of the policy. We must see how it may affect us in the future. We must see how it will reverberate throughout this little world in which we live. In my judgment, what we do is to make, indirectly, more or less substantial commitments to the maintenance of the British Colonial Empire. Hence the question arises as to whether the British have a sound colonial policy. Also, the further question, Can the British Colonial Empire and that system be maintained over a period of time? If it cannot be maintained the repayment of the loan becomes less likely, and we have little chance to receive any long-range benefits not otherwise available in the ordinary course of events from the financial agreements. All are inextricably intertwined.

British foreign policy has the merit of being clear-cut and well known in its broad outlines. It has continued in a straight line for many decades. It is based upon essentials. It is a wise policy for the United Kingdom. It is rooted in the geography and the population and in the nature of the industrial development of the British Isles.

The British Isles are small in area. They contain a population of approximately 45,000,000 people, far more than can be supported by the land area of the isles themselves. Only about 6 percent of the population produce from the land itself. Coal is the only major natural resource and the coal-mining industry in England is on its last legs. For many years it has been necessary for the United Kingdom to import well over 50 percent of what it consumes and uses. In 1842, England repealed the corn laws; let agriculture disintegrate. It went all out for urbanization and industrialization. We should study with care the history of England from the end of the Napoleonic wars up to 1842. It gives us scope and background to use in meeting problems already arising here in the United States in the years before us. We will be called upon to make somewhat analogous decisions. We require all knowledge available. Much more, we will require divine guidance from on high.

The fundamentals of British foreign policy are the freedom of the seas, an assured access to raw materials in lands frequently far distant, plus controlled markets in which the finished product can be sold. Throughout the years, the United Kingdom has steadfastly pursued the program of keeping its dominions and colonial territories as completely agrarian as possible in order to force them to sell their raw materials to the British Isles for manufacture, and to compel the masses in those lands to buy the finished products from the mother country.

From the broad view of general world economics, this is basically unsound. In-

creased costs are sure to arise from shipping raw cotton produced in India across the seas to England, then unloading and processing it in Liverpool and Manchester, and finally reloading and reshipment of the finished cotton product back to India for resale. The construction of cotton mills in India would destroy this competition in short order.

Hence India has never been permitted to industrialize. As I understand it, India is the only nation which has deindustrialized since the industrial revolution in Europe in the early nineteenth century. Fewer Indians make their living in manufacturing plants than when England first took control of that vast subcontinent. The only exception to this is the period during the last war when the exigencies of the military situation absolutely required an increase in the industrial production of India.

Just how long the United Kingdom can continue this policy successfully is an open question. It is unlikely to be able to do so permanently. It would be cheaper and better business, from the standpoint of everyone except those in the British Isles, to build the industrial and manufacturing plants at the site of the raw material and then turn the raw material into finished cloth where it is grown and where much of it is used. Yet British policy continues exactly the same as it has during the past century.

A striking illustration of this is the type of control assumed by the United Kingdom over Siam during the past year. The United Kingdom imposed on that country the general colonial policy previously in effect in India, Egypt, the Malay peninsula and other dependencies. This indicated the intention to extend, as well as to continue, the same on and on into the future. Just how England could do otherwise and support her present overurbanized population is difficult to see. How she can win and keep a large export trade under any other system is not at all obvious. We should not criticize the British for this but we should recognize the inherent fallacies, so that, no matter what our admiration and affection for the British may be, we will not become involved in their vagaries of empire.

Many people who support the loan feel such a course will strengthen us against possible future Russian aggression. We might as well take notice of this argument. My own considered judgment is that support of the British colonial system and empire will enable communism to spread throughout China, India, and Asia. My reason for that judgment is that the British colonial system offers the people of those nations far less than the promises now being given them by the Russian propagandists. Britain maintains an economic, political, and military vacuum, so to speak, throughout these areas. A vacuum is bound to be filled—sooner or later. Studying the geographical situation, it is quite clear that as long as these areas continue as economic and political and military vacuums they will be filled eventually with communism or controlled by a nation offering something better. The Communists promise industrialization,

better standards of living, preservation of native cultures, and everything which might be desirable. Russia cannot fulfill these promises. Russia will exact regimented control in return for what she does. Our policy should be to create strong states composed of contented people if we are to establish resistance barriers to a philosophy of thought and government which admittedly seeks world domination as its ultimate goal. We are in position to fulfill our promises—to their advantage and to our own. We can give freedom and prosperity.

My thought on this is reinforced by the lack of opposition given to the British loan by the Communist press in the United States. Naturally Russia wishes to see continued a world situation under which its polit bureau feels the great land areas of the world will in the course of time fall into their grasp as over-ripe apples drop from a tree. I do not want to see communism spread. Therefore, the soil in which it grows should not be fertilized. Freedom, and liberty, and opportunities are the antidotes.

We can and must adopt a policy of building strong and independent states throughout the world. States which can develop their own culture and which can protect themselves. We cannot afford to create a condition throughout the world where British weakness is backed by our strength. We cannot back a declining empire in its adventures in Asia and Africa and in its efforts to hold back the hand of time. Our interests in the Far East are opposed in many ways to those of the United Kingdom. Singapore and Burma prove the truth of these statements. There is a complete disagreement in our basic objectives. We cannot afford to allow British policy to dominate our own. Under the loan agreement it is implicit that we will do so.

We must and should, from our own interest, support the United Kingdom. The British Isles are our bulwark against Europe. Our interests in western Europe are almost identical to those of the British. For many sound reasons we must give the British Isles our support, but it should not be done in a manner which commits us to a policy against our own vital interest in other areas of the world.

There has been a great deal of confusion concerning the issues actually involved in the so-called British loan. "Loan" is an inaccurate term. It has many aspects of a commercial loan. Yet it could never be justified on that basis. Perhaps we should speak of it as the Anglo-American financial agreement. The promises made by the British Government as part consideration for the use of this money constitute the only ground on which it can be justified to the American people. The ultimate question is whether the advantages secured to the United States through these British commitments is sufficient to compensate for the great risks of loss involved in the loan. Indeed, unless these undertakings are in themselves advantageous enough to compensate us to the extent of \$3,750,000,000, irrespective of whether or not the principal and interest of the loan is repaid, in my judgment we cannot afford to make the loan.

The loan bears an interest rate of 2 percent, starting in 1951. While the nominal interest rate is 2 percent, the actual yield would be only 1.68 percent if all the money were withdrawn at once. Assuming it is withdrawn at a slower rate, as would probably be the case, then the yield would increase possibly to as high as 1.83 percent. But there are escape clauses which permit the nonpayment of any interest whatever during those years in which the British balance of trade is sufficiently adverse, based on prewar standards, to jeopardize the British trade equilibrium. Consequently, we can expect many omissions of the interest payments. And it probably would be just as well to disregard the interest rate and possible interest payments entirely from our calculations and judgments as to the value of the loan.

I said before that the loan must be justified by demonstrating an on-balance benefit to this country, even assuming the loan is not repaid. The chances are strongly against its repayment. This is said with no disrespect for the British intentions, nor as to their willingness to repay if at all possible. This thought prevails in the United Kingdom also. Otherwise, the British would never have suggested a grant, rather than a loan. It is not on the basis of any lack of willingness to pay, but rather on the ground of inability to pay that I doubt its ultimate repayment.

Britain has been forced to sell most of its overseas investment. Other sources of income, such as insurance, shipping, and tourist trade, have greatly lessened. The British frankly admit this. Indeed, they advance these figures to prove the necessity for outside financing to maintain and regain their trade position. In addition, there is a manpower shortage in the British Isles. The precarious world situation throughout so many vast areas, either in or adjacent to integral parts of the British Empire, forces the United Kingdom to maintain a large Army and Navy. This is an expense, both in pounds and in manpower. The British Government is committed to a gigantic housing program—an undoubted necessity if the entire 45,000,000 are to remain on the islands, not only because of bomb damage, but also because of the complete stoppage of all building during the war. Four hundred and sixty thousand houses were destroyed; 3,500,000 were damaged. You should also take into account the normal increase in population and in the number of families. So this is something the British must do at the very same time they are seeking to expand their foreign trade and their exports. To the extent men and materials are diverted into this building program, to that extent they must be withdrawn from the industries manufacturing goods for export. Their plant and equipment are in general, obsolete and inferior, judged by standards prevailing in this more fortunate land of ours.

The most reliable minimum estimates of what Britain must do in the way of increasing exports sufficiently to bring her own balance of trade into equilibrium and, at the same time, to service and repay this loan is to reach 150 percent of the 1938 volume. This is the



minimum. To be safe, it should be at least 175 percent. Conservative estimators all give the latter figure. Before the war, British exports of coal had been declining. The best veins of coal have been mined; the equipment in the mines is old and obsolete. It was a difficult problem to secure labor for the mines. To put it frankly, coal mining in England was "on the rocks." It would have been nationalized, in any event, whether the Conservatives or the Labor Party had won the last election, because it had reached a state where it was just impossible to make a go of it. Coal exports will fall further, so the United Kingdom will have to look elsewhere to regain its trade. During the war British industries turned almost totally to war production. No peacetime factories were built. Consequently, the plant and equipment in the great majority of industries is at least relatively old and obsolete.

Possibly the most important factor of all is the present standard of living in the United Kingdom. Britain has increased its exports tremendously since VJ-day. This is a remarkable achievement. We must recognize, however, that there is a world-wide "sellers' market" existing today. Also it has been done by the squeezing of the people in the British Isles. The already rigorous standard of living existing during the war is lower now than it was before VJ-day in England, Scotland, and Wales. Food allowances are lower. Bread rationing has been imposed. The British have found goods for export by zealously keeping them away from their own people. They have been living off their substance. If the British Government can continue to impose this, if the English people are willing to continue this austere living, or perhaps a more austere diet than perhaps the British can continue to increase their exports. But the English have been through a lot. They look forward to better times after victory, just as do people in this country. How long they will be content to see the fruits of their toil taken from them and sent overseas to lands of plenty, is a question no one can answer. By the inexorable laws of human nature they will eventually feel these valued articles are being taken from them to satisfy a grasping creditor. This is something with which we must reckon. Will they not resent more and more this continually lowered standard of living to meet what they undoubtedly regard as our exactions? Will this make for good will or good feeling in the post-war world? I do not see how we can expect the British to do this indefinitely. They would have to do it for a long time if they were to maintain the present population on the British Isles, if they were to export enough to pay for the food and raw materials needed, and if, on top of that, they were to pay the interest and principal on this loan.

If the loan is made and not repaid, it will not be a good thing for Anglo-American friendship. The failure of the United Kingdom to settle in full its debts after the last war was an unending source of strife and irritation between the United States and the United Kingdom during the entire period between

the two wars. In England, all too many called us "Uncle Shylock." In the United States of America the English were regarded as dead-beats. It aroused animosity and hostility; it gave rise to charges and countercharges by those seeking to stir up trouble between these two great Nations whose interests and background should lend themselves to friendship and cooperation. I voted for lend-lease in great measure influenced by the desire to avoid this problem after this war. I had seen how disturbing and incessant it could be by personal observation during the 1920's and 1930's. We advanced \$25,000,000,000 net in lend-lease materials. We avoided war debts. The American people have accepted the lend-lease settlements and are not worrying unduly about the advantageous terms granted. Having invested this huge sum to avoid a war-debt problem, is it wise to create the problem now, after having avoided it, for a relative pittance compared to what we have spent? By lend-lease we avoided the war-debt problem not only for ourselves but also for the British.

There is much less chance of repayment now than there was then because the length and scope of this second war, its closer contact with the British Isles, its ramifications in the Far East, and other factors have caused it to weaken the British position far more than did the First World War.

In his broadcast to the British on the 1946-47 budget, the Right Honorable Hugh Dalton, Chancellor of the Exchequer, said:

In the next 12 months we shall spend £3,800,000,000—a big drop on last year. But the make-up of this expenditure will be quite different. In this first full year of peace and of the labor government in power, we shall spend much less, naturally enough, on the armed forces and munitions; but we shall spend much more on the things the people voted for in the last general election. On the great social program which is long overdue, on education, on preparations to raise the school-leaving age next year, on providing free milk for all the children in the schools next August, on providing free meals in all the schools as soon as possible, on important developments in the universities.

We shall spend many millions more on building new houses, on family allowances to help mothers of large families, on more generous pensions for disabled ex-servicemen, and the dependents of those who lost their lives in the war.

He also referred to the cost of increased pay for the armed forces and for higher old-age pensions which are to begin in the autumn of 1946.

I quote this because it is open recognition by the British Government itself of some of the domestic problems it must solve and which react unfavorably on its export trade, irrespective of how worthy and desirable the projects are in themselves. Raising the school-leaving age is fine, but it does reduce available manpower. The housing program is a necessity, but it does take manpower. The cradle-to-the-grave social security program may be a worthy objective, but it will lower the number of workers in the United Kingdom. It will decrease the output.

Perhaps I should mention the probable loss of the United States as a market for

the rubber of the Malayan Straits. Perhaps I should mention the increasing competition from the industrialization now going on in many South American countries and, to a lesser degree, in other parts of the world. All in all, no matter how willing and eager the British are to pay this debt, the ability to pay is doubtful. The present government was elected on a program pledging the carrying out of most of the domestic policies outlined above. I do not see how this Government can avoid its responsibility for so doing without loss of office. Most of the members of the Conservative Party either refrained from voting, or voted against, the acceptance of this loan, and the Bretton Woods agreement. Any time the burdens become too onerous and impinge too directly upon the standard of living of the average Englishman, the Conservative Party is in a thoroughly sound position to go to the polls on this issue.

The nonrepayment of the loan, if it is not repaid, will be an unending source of trouble between the two countries. It will enable the Anglophobes and the Communists and all those who have an antipathy to the United Kingdom and the British Empire to have made-to-order ammunition at their disposal at all times. The same will be true on the other side of the Atlantic. Constant disputes between these two great English-speaking Nations will pose problems for our northern neighbor, Canada. Canada has her economic, social and friendship relations almost equally divided between the two countries. Friendship between the two is the cornerstone of Canadian policy. Viewed from this angle, the loan phase of the financial agreement may be a source of disaster to the group of nations whose natural inclinations, both economic and social, should draw them together.

The purpose of advancing this money is to enable the United Kingdom to recapture and expand its export trade. Obviously, the United Kingdom will be forced to use every means at its disposal to win markets for itself. This will bring England into direct competition with the United States in all parts of the world not tied up by bilateral agreements. We should not criticize the British for this competition. We accept and promote its occurrence when we make the loan. It is the very purpose of the loan. It will occur whether the loan is made or whether it is not made. There should be no resentment. This is logically true and sound common sense. However, human nature being what it is, it is inevitable that there will be resentment by many people in this country if and when the British do win markets from us as a result of their own efforts, and perhaps aided and abetted by our financial assistance.

Let us bring all this down to the individual human beings in the United Kingdom and the individual human beings in the United States of America. It has been pointed out that this means \$35 for each individual in the United States. That is \$35 they have to pay in sweat, labor, and goods. And some of our resources are used up forever also. But if you take that idea across the ocean and look at Great Britain, it means \$105

each for every British subject in the United Kingdom. It is \$105 each one will have to sweat and toil to repay to this country until the year 2000 and some odd. And while they are doing that during the course of the efforts required for repayment it seems to me that, looking over here and knowing from watching Americans during the war and watching American tourists, they are going to feel unavoidably that the goods that are taken away from them to be sent into the export trade in order to get dollars to pay this loan—they are going to feel that Uncle Shylock is exacting the pound of flesh. It is just human nature. You cannot avoid it. Here is something which impinges on the feelings of 138,000,000 people in the United States of America and then impinges directly on the 45,000,000 people in the British Isles. It hits in a way not calculated to promote love and affection.

This is the type of loan, if it is a loan, which will cause trouble. I firmly believe any arrangements made with the United Kingdom definitely must not involve the creation of a debt beyond the probable ability of the debtor to repay. This reason alone, based upon high policy, is sufficient for rejection of this present proposal.

The chief collateral benefit urged by the proponents of the British loan is the restoration of multilateral trading between the various nations of the world. They point to the fact that the United Kingdom, including other nations in close association with the United Kingdom, was the largest unit of such trading in the world. It was this type of trading upon which American prosperity had been based. It consisted mainly in the freedom of individuals and corporations to sell their goods in any market in the world on the basis of price and quality and without undue interference from restrictions of all kinds, with the exception of tariffs. The picture painted for the future is the resumption of this prewar method. Consequently, under Bretton Woods, preliminary steps toward this end are undertaken by the various signatory countries in the field of currency. The Anglo-American financial agreement contemplates shortening the time when these agreements are to be made effective in respect to the United States and the United Kingdom. The theory is that this free flow of commerce will be resumed on the prewar basis just as if nothing had happened in the meantime. Tariffs are to be treated later under separate negotiations. An agreement to do this is entered into by both the contracting parties.

However, great changes have occurred in the United Kingdom, as well as in western Europe. In western Europe every nation is taking steps to nationalize many of its major industries, including those making goods for export. The devastation of the war and the wholesale and immediate effort needed to reconstruct, combined with the scrambling of private property through Nazi manipulations during Nazi occupation, no doubt rendered this necessary on the continent of Europe. The fact remains,

it is going on, and it is progressing rapidly. The same is true in England.

There have been three events during the past 3 months indicative of this trend. These three events have forced me to examine carefully the premise advanced by the State and Treasury Departments and the proponents of the financial agreement. Can there ever be a resumption of the type of multilateral trading which existed in the spheres dominated by the United Kingdom and the United States, where individuals and individual units competed in the markets of the world on the basis of price and quality? Where individuals competed against other individuals more or less similarly situated financially and competitively with themselves? I seriously doubt it.

England started in by nationalizing the central bank and by placing investments under control of the British Government. These were the first steps taken by the Labor or Socialist government. I do not think these had any great impact internationally. Neither did the nationalization of the coal industry because that was bound to occur. England will probably never be a great coal exporting country again. The third step, the nationalization of Britain's 16,000,000-ton iron and steel industry, will necessarily have a great effect on future business outside of the United Kingdom. If the Government owns the iron and steel industry, the Government will sell the products of that industry. In brief, the Government of the United Kingdom, either itself or through a government-controlled agency, will be the selling unit for all iron and steel produced in the British Isles. It will compete in the markets of the world against individual producers and sellers from other nations where the capitalistic system of free enterprise survives. This is far from prewar multilateral trading. It will be much more closely akin to bilateral agreements between governments.

On March 18 the Government announced its decision to continue the wartime centralized purchase of raw cotton by the cotton control in preparation for the establishment of a permanent cotton-purchasing commission. Cotton is stated to be a special case, where bulk purchase is preferable. You will note the statement presumes bulk purchasing—the purchase by the Government as a buying unit—is preferable in the case of cotton.

In April the bill to abolish the Liverpool Cotton Exchange passed the House of Commons by a large majority. The Liverpool Cotton Exchange is one of the oldest and largest cotton exchanges in the world. Through its abolition, the seller of cotton is deprived of the opportunity to sell his cotton in the British Isles. He will have to deal with the tremendous force of the British Government. Here again, on the selling end, the arrangement is much more closely akin to the bilateral trade agreements which the Treasury claims the financial agreement will avoid than it is to the multilateral system of free trading, which the proponents of the loan assert it will establish or make possible.

Recently the papers have carried accounts of an agreement about to be entered into between the British and the Canadians. Under this, Britain would have bought Canadian wheat at \$1.25 Canadian per bushel, or \$1.13 United States. The current Canadian price is \$1.55. The American and world price is approximately \$2 Canadian or around \$1.80 United States. Hence, the proposed contract would have been at a little more than one-half the American price. This lower price is usually obtained by a huge buyer who agrees to take a large amount and agrees to take that large amount over an extended period of time. The agreement was to have run for 10 years.

On June 26 this was abandoned. The reason for its abandonment was American opposition to a bilateral agreement. Yet, the British Government was ready to enter into this agreement for a period of 10 years. Since the British Government is an honorable government, we must assume it intended to carry it out during that 10-year period. While Canada has the announced policy of favoring multilateral trading and a strong general world trade, yet, in the case of this huge sale of one of her main exports and chief money-makers, she was tempted into making this favorable arrangement.

The British Trade Minister announced that "negotiations will be resumed in respect of the terms of the proposed contract" as soon as certain important considerations have been dealt with by the two governments. On the same day, Food Minister John Strachey gave out an interview in London that there were good prospects of signing a long-term wheat contract with Canada.

Controls are now pending by the United Kingdom on petroleum, iron and steel, chemicals, fishing, and agriculture. In addition, the government is studying controls, or nationalization, of cotton textiles, pottery, hosiery, furniture, shoes, linoleum, carpets, jute, wool, china, clay, cutlery, lace, clothing, glassware, jewelry, and silverware. The Labor Government has certainly made rapid progress in its program of socialization or nationalization, and its announcements indicate that the future pace will be more rapid, rather than less.

The British Government can control exports by nationalizing any industry and then deciding how much to sell and to whom. It can control imports by establishing a government purchasing unit. The latter can buy what it wants, as much as it wants, and from whomever it wants to buy. There is nothing in the agreement to forbid this. It is a question of domestic policy. By nationalizing an industry, the British can legitimately and at once nullify the promises they have given us as part consideration for this money.

I do not see how we can expect to secure in any major degree the restoration of the type of multilateral trading in existence prior to 1939 when on both the buying and selling side the United Kingdom, through its steady process of nationalization, is entering into buying or selling as a government unit. Therefore,



it seems clear to me that the quid pro quo or consideration which the administration alleges for the chief one and the real basic reason for this loan falls in large measure. I have already pointed out the extreme probability of nonpayment of interest and of nonrepayment of the loan.

I feel the coming trade agreement conference can be dismissed lightly. All the United Kingdom does is agree to negotiate. It makes no comments whatever as to what it will do. Statements by leading Government officials of the United Kingdom indicate quite clearly that concessions at least commensurate with those granted by the United Kingdom will be expected. Sir Stafford Cripps, speaking for the British Government, in Parliament, in support of the loan agreement said:

The peculiarity about our trade, as the House knows, is that it is a very widespread and diversified trade. We do not sell large quantities of goods of particular lines to particular countries; we sell goods all over the world in what might be considered comparatively small lines. Therefore, it is not enough for us to get, as against a preference, the reduction of merely one person's tariff; we might want 26 countries to reduce their tariff before we were prepared to drop a preference. Therefore, the whole matter is completely at large and no one is bound at all.

All we say is that we are prepared to enter upon this process; we are prepared to consider that bargaining of preference against tariffs. If we can get an advantage which appears to us to make it worth while and another country can get an advantage which appears to make it worth while, then we can come to an agreement. It is an attempt to try and bring down tariff barriers on all sides to a great extent, and it is clear that it must be to a great extent. A mere nominal reduction of a few percentages is not going to make anyone enter into a bargain and that, of course, our American friends understand perfectly well. (Parliamentary Debate, Dec. 12, 1945, pp. 490-491.)

This opens up the whole question of the American tariff.

Mr. Clayton stated to our committee that this agreement could be negotiated within the scope of the existing trade agreements. While I do not claim to be an expert on the tariff, I have grave doubts as to whether Mr. Clayton's judgment will prove correct in this respect. If the United States is to become a creditor nation through financing many other nations and through a large and continuing export trade, reciprocal trade agreements will be relatively useless. The problem will be to import more than we export. Hence, we will be required to lower our tariffs to the point where other countries can send in goods at will, relying on interest, services, and our own exports to make up the balance. In other words, a nonreciprocal tariff policy, as distinguished from a reciprocal trade-agreement policy will be required to meet this condition. Our position in world trade today is analogous to that of Great Britain after the Napoleonic Wars. During the next several decades, probably the major economic decision we will have to face will be the same as that resolved in favor of manufacturing and exporting by the United Kingdom when the British repealed the corn laws in

1942. Will we become an almost entirely industrial nation, abandoning our agriculture and permitting imports from areas with lower standards of living, or will we attempt to maintain a well-rounded economy, preserving the home market for ourselves and using it as a basis for our economy? I do not intend to go into this question except to emphasize its importance. Already the lines are being drawn to fight out this battle.

One of the arguments in favor of the financial agreement is that it will slow up nationalism and socialism in the United Kingdom and perhaps pave the way for a return to private enterprise. I cannot see the soundness of this contention. Some claim the English will use this money to purchase the banks and industries of England from their present owners. Past practice proves this to be contrary to the facts. England can buy whatever she wishes in England from English people by issuing her currency—pound sterling—or by Government bonds. This will depreciate her currency, but it certainly does not require the use of dollars essential to her export trade. In addition to her pledges, Britain's own economy requires her to use these dollars for the purchase of the food needed to sustain her subjects, and for the raw materials out of which to create the finished products, from the sale of which she will receive foreign exchange essential to further purchases. Both by agreement and by economic necessity the United Kingdom is certain to use the credits or dollars so acquired for the stated purposes. However, the present use of these funds will lessen the burdens imposed upon her own population. The less the burden imposed on her own population, the more the Government in power is strengthened. The present government is a Socialist government, committed to a rapid policy of nationalization. The consummation of the agreement will undoubtedly strengthen the position of this government with its electorate. To that extent, the loan will hasten nationalization. I do not see how it can retard it.

Since nationalization involves government unit buying, and since this is closely akin to bilateral trading, and since it has a strong tendency to evolve into bilateral trading, the loan will probably, in the long run, defeat the avowed purpose of establishing multilateral trading between individuals in the world markets on any prewar basis. To the extent that government buying and selling develops, just to that degree will it be easier and more natural for the government of the United Kingdom to establish trading relations with other governmental units operating under the same system and methods than it will be for its government to deal with individuals in the United States and other nations where freedom of individual trade and business exists. In other words, the logical development to be expected would be the commencement of large-scale trading with Russia, also a political alliance like Germany and the Balkans before World War II as soon as the Russian economic situation permits, rather than with the United States and Allied countries. Far from being disadvantageous to Russia,

as many Members feel it will be, I believe the loan will redound to the ultimate advantage of that country.

This is merely an analysis of the future. It is not given as an argument pro or con. Yet it does seem unwise to make a loan which will probably not be repaid in return for a consideration which existing circumstances make it most unlikely we will receive, in order to transfer that very consideration—trade relations and dealings—to a far-distant country which may well be our greatest trade rival in the future.

In general, nations are unwilling to forego long-range objectives for interim financial advantages. A foreign policy based on gifts and economic pressures will only last until the gift is received and until the pressure is removed. This does not mean we should attempt to control British policy permanently. It does stress that we cannot successfully do so and that we are merely deluding ourselves if we expect any tangible long-range economic benefits from an interim financial arrangement.

Britain has depended on the sterling area for many years. During the war, it was depending on the sterling area and it cannot abandon the controls added to it in order to make the sterling area more effective. We must keep in mind that Britain's export trade is the lifeblood of the nation. Britain cannot exist without its export trade. To us here in the United States, our export trade has always been the cream on the top of the milk bottle. It gave added prosperity, but we could live on the milk; in other words, on our own market. For the British Isles, their export trade was the whole bottle of milk—cream and milk. If they did not have this trade, then they did not live. If they did not have it, they could not buy food or raw materials. If Britain gives up the sterling area and its controls, if it agrees to cut itself off from all these things, then it has left itself without any effective economic weapon at all. Consequently, I do not believe the United Kingdom has done this in this agreement. It could not afford to do so. No British Government would give away the Nation's birthright.

We can afford to lose \$3,750,000,000, injurious as that would be to our economy, particularly at this time. We could go ahead and support our population despite that loss without any compensating gain. England could not destroy the sterling area and its power to maintain exports and imports and still support its population at home. The British know this far better than we do. But we should keep it in mind in evaluating just what we receive under this agreement.

On the theory the administration has put forward by the State and Treasury Departments, what this country thinks it is buying with the \$3,750,000,000 is the active assistance of the British in opening up their own territory and international trade generally, outside of Russia, on a free-trade basis. The evidence is quite conclusive that the British cannot afford to do this at the risk of their own export trade. Also, the British have no confidence in freedom of trade. They are doing their best to extend their present system of artificial restrictions—

cartels, quotas, preference tariffs, price fixing, and so forth—which they have gradually developed in the period before the war and which were put into full force after the start of the war and during it.

For these reason, I urge the rejection of the loan.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. BUCKLEY].

#### WHY I AM AGAINST THE BRITISH LOAN

Mr. BUCKLEY. Mr. Chairman, I wish to take this opportunity of stating to the House my reasons for opposing the loan to England.

The plan to advance Great Britain the sum of \$3,750,000,000 is in my opinion not a loan, but an outright gift. According to the terms, Great Britain will pay interest at 2 percent and will have 50 years to pay the debt, and this to commence 1951, and in years where it cannot meet the payments, it will be extended. The reason being given for the loan is so that we may increase our foreign trade and commerce and if we do not, the United States will find itself in a most precarious position. Knowing Great Britain as I do, I have very little faith in any of its promises in dropping any of its preference tariffs, or giving the United States a fairer break in the British Empire markets. I do not believe that Great Britain will pay back this loan. What security does it offer for this obligation? Its word cannot be accepted for it has broken every pledge, not alone in the financial field, but to its colonies, such as Ireland, India, Palestine, and others.

I favored and did all possible to aid Great Britain in its period of strife and stress during the war. We aided England in its common cause in the fight against nazism and fascism, with money, food, equipment, and men, and I am always willing to aid countries in need of food and other help, but that is not the case with this proposed loan to England.

I have maintained and still maintain that this loan is a gift. England still owes the United States approximately six and one-half billion dollars from World War I. She has not paid that indebtedness and will not pay this one. She is a poor credit risk. This money, which is being extracted from the pocket-books of the taxpayers, will never be repaid. This money that we are now giving away could be used by us for the benefit of the veterans, for the building of homes, for the building of hospitals and much-needed schools and universities.

We have contributed to the British in two wars in excess of thirty-five billion dollars. We supplied all the world with materials and we occupied the greatest portion of the front in Europe on VE-day. We have had more than a million casualties. We have made our contribution and no one has cause to complain.

In speaking with one of my colleagues, when I told him I was opposed to the loan, he said: "Well, you are Irish and I can see the reason why." I am an American, of Irish ancestry, and am proud of it. I see that Great Britain is continuing its policy of persecution against the people of its colonies, as witnessed by what is going on in Palestine

today. The promises made to the Jewish people are merely promises which will not be fulfilled unless the rest of the world and the Jews themselves fight as hard as they can to accomplish their purpose. We, in the United States know what our colonies had to go through under the yoke of England until our own Revolution and our independence. We know how Ireland suffered until it became independent. We see how the people of India were treated. The whole history of England and its treatment of its peoples, is a blot to so-called civilization.

For centuries, Ireland suffered under the yoke of England. Where can we find a country that has persevered through the centuries as Ireland had to preserve her independence and her chosen way of life? Aggression, conquest, famine have been unable to quell her spirit or to deflect her from her purpose. Ireland was imbued with an undying patriotism, a love for her land and her people would not hesitate to go down fighting no matter what the odds were against it. All manners of punishment were decreed and executed against the Irish people. Restrictions on holding office or property because of their faith were imposed upon them by England. Many were imprisoned and many executed, but because the Irish people were rich in courage and rich in the justice of their cause, they finally reached their sought for goal. In 1914 to 1920, conflict raged, resulting in civil war and by the Treaty of 1921, Ireland became a free state and is presently known as Eire. In size, Ireland or Eire (southern Ireland) is about equal to the States of New Hampshire, Vermont and Massachusetts. The northeast corner of Ireland, or the province of Ulster, was set up as a separate government in northern Ireland by the British Parliament. Not one Irish member voted for it. As a result, Ulster, comprising one-sixth of the territory and three-tenths of the whole Irish population, is separated from the rest of Ireland. There is no reason for this, and I am sure that Ulster will be returned to southern Ireland and freed from Orange autocracy before many years have passed.

There was no necessity for the draft in Ireland. An Irishman always knows when to fight and how to fight. The percentage of Irish volunteers, in proportion to their population, who fought in the British Army, was greater than that of England or any other country. It was not that they fought for Great Britain, but it was their love of mankind that prompted them to engage in the war. Ireland has sent her sons as soldiers to the defense of almost every nation in the world, including our own United States. Her sons and daughters are spread all over the world and their peaceful penetration everywhere bears witness to the greatness of the Irish character.

It is well to note the part played by the sons of Eire in our own United States. In colonial records there is abundant evidence that the Celts came to these shores from the earliest times. They distinguished themselves in all stations of life. At the time of the inauguration of George Washington, as first President

of the United States, the historian, Ramsay, wrote:

In the last 70 or 80 years, no nation has contributed so much to the population of America as Ireland.

Other writers have paid glowing tribute to the Irish contribution in colonial times. Of the signers of the immortal Declaration of Independence, Thornton, Taylor, and Smith were natives of Ireland; McKean, Read, and Rutledge were of Irish parentage; Lynch and Carroll were grandsons of Irishmen, and Whipple and Hancock were of Irish descent. Irishmen, too, were Members of the First American Congress and were among the framers of the Constitution. They commanded brigades and regiments in the struggle for independence and their numbers were high in the ranks of Washington's army. It has often been said that America was lost by England as a result of the Irish emigrants who came to these shores.

The Mexican War found the Irish, with Generals Shields and Sweeney as outstanding figures. In the Civil War, the Irish proved themselves good citizens, ready to shed their blood in defense of American liberty. They fought in the ranks of the North and in the South, although more numerous in the North than in the Southern States. It is estimated that on the northern side 150,000 fought. Generals Carey, Griffin, and Butler were of Irish descent, and General Sheridan, the most brilliant cavalry officer of his age. The purely Irish regiments in Corcoran's Sixty-ninth Regiment displayed valor which will be remembered forever. Time will not permit me to recite the countless patriotic soldiers of Irish extraction in the Spanish-American War and in World War I and World War II.

Not alone have the achievements of Americans of Irish blood been in the field of battle, but we find them in the ranks of preachers, teachers, statesmen, scholars, philanthropists, founders of institutions, scientists, and engineers, historians and journalists, artists and authors, lawyers, and doctors, and in every pursuit and endeavor in the industrial field, whether it be shipbuilding, manufacturing, banking, or small business. They have held the most eminent positions in our political system and many have served with credit and distinction in the very Halls of Congress. They have graced our Supreme Court and embassies and every responsible position of government. The Irish in America or their descendants have made a major contribution to this country. Their blood, brain, and brawn are blended with that of the other fine Americans in making the United States the foremost liberty-loving country of the world.

It sometimes occurs to me that if England would divest itself of its lords, kings, dukes, barons, earls, and duchesses who are a burden upon the common man in England, it would be in a financial position to take care of its needs without the necessity of borrowing and begging help from the United States. Yes, I remember our lend-lease was partly paid in that the United States was charged for the boys who were taken across to fight, on the *Queen Elizabeth* and the *Queen*



*Mary.* We were charged for these trips by England, as a set-off against the moneys due us, and when we were saving England from extinction.

Also, I wonder what progress has been made as to the future use of the island bases by the United States in the Pacific and Atlantic. These bases were built by American men, money, and materials.

I again repeat what will England do with regard to the settlement of the Palestine question, which was agreed to by a joint Anglo-American commission?

If we make this loan, every taxpayer will find his taxes increased. We cannot impose any additional taxes on the American people. They will contribute in every way possible where the cause is humane and just. They are opposed to this loan.

After much consideration and because I believe that this loan is not in the best interests of the United States, I cannot vote in favor of it.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, elected a Member of the Seventy-ninth Congress on a platform pledged to support the liberal policies of the Roosevelt administration, I have, as the RECORD will disclose, been a consistent supporter of the present administration's foreign policies and of the legislation necessary to implement and to carry out our wartime commitments.

Now I find myself unable to support the pending proposal to approve the British loan agreement. I feel that it is only fair that I state some of the major reasons that impel me to take this position.

I want it clearly understood that no racial or religious prejudices or governmental ideologies in any way affect or otherwise influence my decision. I hold no brief for either British imperial policies or Russian Communist propaganda. The American way is my way—in fact, it is America and my fellows citizens I have considered most in making this decision.

Members will remember that 1 year ago, when the Congress was considering the Reciprocal Trade Agreements Act, I staged an unsuccessful fight to modify these trade treaties predicated on the ground that these agreements, particularly the ones with England, Belgium and Czechoslovakia would injure two of my district's major industries, namely, the glass and pottery industries.

I shall not again go into details other than to remind the members of the committee that Britain's centuries old policy of subsidizing her industries by direct grants or by indirect subsidies in the form of favorable freight rates through her Government owned shipping is still her national policy. With no limitations or conditions attached as to what use she will make of the huge sum we are asked to advance, it will be possible for her, working through this favorable trade agreement of a 75 percent reduction in original tariff rates, to drive American hand-made glass and pottery ware manufacturers out of business.

It might be well, at this point, to remind my colleagues that under the reciprocal trade agreement in effect just

prior to the outbreak of the Second World War, it was possible for Britain and other favored nations to manufacture and deliver glass products to our eastern seaports cheaper than the producers of glass in my district could pay the excessive freight rates alone from the point of production to these seaports.

There could be no question on the advisability of this loan were it in the nature of a credit to buy American manufactured and farm products. Such is not the case. There are no strings attached. No security and in addition her favored nation status under the reciprocal trade agreement is continually putting us in the unbusinesslike position of financing a foreign competitor in direct competition against American enterprise.

I have not taken snap judgment on this matter. I have, on the other hand, taken a long-range look to see how this loan will affect the welfare of the residents in my Third West Virginia District. West Virginia is, as you know, the leading coal-producing State in the Union. Normally 75 to 80 percent of her production goes into the lake trade. In this connection, I recall a Senate committee recently reported favorably on a proposal to construct the St. Lawrence waterway project. This proposal, if approved by the Congress, will destroy my State's major industry by destroying her lake market for coal.

It will be remembered that Britain also produces coal. By using money advanced her through this loan she will be able to modernize her extensive Welsh coal mines, and should the St. Lawrence project be completed she would overnight substitute cheaply produced coal for the ballast now carried on her merchant ships coming into the lake ports to pick up wheat and other grain shipments from Canada, which are so vital to her economy and her very existence. In view of our higher production costs and exorbitant freight rates, it is a safe estimate that she could lay a ton of coal down on the wharfs of our major lake ports at least \$3 cheaper than could be done by our West Virginia producers.

I shall not recount other major points of objection that have and can be raised against this proposal of a \$3,750,000,000 loan. Suffice it to say, it cannot be justified from the standpoint of good business or sound banking procedure. Among the many protests received from my constituents, I find many of our underpaid school teachers wondering why the education committee of this very House would turn "thumbs down" on a plan for providing equal education advantages for all of America's youth and yet find money to loan to Britain. I make this observation—the money to make this loan would finance this Federal educational program for a period of 12 years.

I have at no time endeavored to influence any of my West Virginia colleagues on this loan proposal. Conditions may well be, and no doubt are, different from those existing in my district. I sincerely regret my inability to vote with them now. I must choose between international theories of "good will" and domestic matters of facts. My choice is with the home folks.

Mr. SPENCE. Mr. Chairman, I yield 15 minutes to the gentleman from Georgia [Mr. BROWN].

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Georgia. I yield to the gentleman from Arkansas.

Mr. HAYS. I do not want to take the gentleman's time because I know the committee is anxious to have the benefit of his thinking on this subject, as I am; but a statement has been repeatedly made on the floor that ought to be controverted, namely, that Great Britain's indebtedness is so much less than that of the United States that this country should not be expected to provide the proposed credit.

The facts are that the debt of the United States is \$278,000,000,000 and that of the United Kingdom is \$98,000,000,000, but in terms of her national income, Britain's debt is 290 percent against a percentage of 154 for the United States; it is just about twice the indebtedness of our country in terms of annual income.

Mr. BROWN of Georgia. Mr. Chairman, what we have up today is not the ordinary bill but a resolution to ratify an agreement made by the State Department, Treasury Department, and the President with the United Kingdom. Of course, we all appreciate that failure to ratify an agreement made by our authorized representatives would be somewhat embarrassing to our Government, and certainly would be difficult to explain to other nations of the world.

This loan agreement has given me a lot of concern, and it has been very difficult for me to make up my mind what is the best thing for us to do for our Government. I have listened with much interest to the debate on this loan. I have read carefully the arguments, both pro and con. It seems to me that many of these arguments have to do with relatively insignificant details and that they miss certain vital considerations which should be controlling in our decision. The advocates of this measure take the position: First, that the loan will be paid; second, that it will restore and increase our international trade and help stabilize world currency. Some say this is really not a loan that we are discussing but a gift and will never be repaid. If we knew it would be repaid everybody would be for it. Let us suppose, for the sake of argument, that the loan will not be repaid. Then we must find other considerations for supporting the resolution. Can we justify this loan (conceding for the sake of argument that the loan will not be paid back) if the money is not repaid, on the theory that it will secure, maintain, and increase our world trade?

Much has been said regarding the beneficial effects which the granting of this loan will have on our export trade. Of course whatever amount of this credit Britain uses will be spent here in this country, either directly or indirectly, and our farmers and workers and business people will benefit from that.

Some men say that the financial agreement does not compel Britain to spend the money here. Well, some men ask, what difference does that make? They

say what we are lending her is American dollars and these dollars are certain to be spent in this country sooner or later. They claim that if Britain uses some of these dollars, for instance, to buy meat in Argentina, you may be sure that Argentina will in due course spend those dollars in the United States for machinery, equipment, automobiles, radios, or something else that we make in the United States which they want in Argentina.

Mr. Vinson, then Secretary of the Treasury, and others stated to the House Banking and Currency Committee that this loan or credit, together with that from Canada, will enable England to obtain her essential imports during the next few years, while removing the wartime currency and trade restrictions and discriminations. In other words, the financial agreement thus provides two things, a commitment to end discriminatory currency and trade practices, and a credit to enable England to carry out the commitment. He also stated, first, that England will not discriminate against American products in any of her import controls, and, second, for any and all goods or services purchased in the United States, England will pay in dollars, or if payment is made in pounds, the American exporters will be able to convert the sterling into dollars. He further stated that no American firm need hesitate to do business with England for fear that its earnings cannot be transferred. American businessmen will be just as sure of payment in dollars from England as they were before the war. He stated further that within a year, unless we agree to a temporary extension, England will remove all of the restrictions on the convertibility of sterling for ordinary current transactions. In practice, he contends that this means that the money that England pays to Canada, Australia, and India for her imports will be converted by England into dollars and can be used by these countries to pay for goods they purchase in the United States. He further testified that within a year England will dissolve the sterling area dollar pool. Each country in the sterling area will be completely free to use any dollars it earns to buy goods anywhere.

He further stated that a settlement will be made by England with the countries holding blocked sterling balances. England has agreed that any payment in liquidation of these blocked balances can be used to buy goods in any country, including the United States. Instead of being forced to spend the blocked sterling balances in England, the holders of these balances, like India and Egypt, will be free to buy goods wherever they prefer. He contends American exporters will have a fair chance to export in these markets.

He further stated that England has agreed to support the American proposal for an international trade organization to reduce trade barriers and eliminate trade discriminations. He stated that with England supporting this proposal, the United Nations Trade Conference holds forth every prospect of success.

These commitments are important, and if carried out, the question then is, Would

this be worth the amount of the loan in the long run to the United States and her citizens?

Much has been said about bilateral trade and multilateral trade, about the sterling pool and frozen sterling. No doubt many Members of the House find themselves confused as I do regarding these matters. We are told that without this loan Britain will be compelled to make bilateral or barter agreements with other countries for supplying Britain's essential needs of food, fiber, and other raw materials. It is said that this will be prejudicial to the trade of the United States. I think this much is fairly clear, but I am still not convinced that I should vote for this loan purely on economic grounds.

Some Members are fearful that we will have to make similar or large loans to other nations. I would like to state in this connection that 50 percent of the world trade is done by the United Kingdom and those countries in the blocked sterling area trading with the United Kingdom. Twenty-five percent of the international trade of the world is done by the United States. That leaves only 25 percent done by the rest of the nations of the earth. It is stated and understood that Russia has about 1½ percent of the international trade. So you can see from the standpoint of world trade the United Kingdom is in a different position from the other nations of the world.

There is another aspect of this matter which to my mind is vital and by far the most important of all, and that is the question of world peace and the extent to which this financial agreement may contribute to the cause of peace. Too little has been said on this subject during the debate on this loan. The Honorable Cordell Hull has spoken of it in his letter which was read by the Speaker on yesterday.

Men speak of inflation. Far be it from me to minimize the dangers and the destructive effects of inflation. I lived through 1920 and 1929 as most of you did. All of us have a keen recollection of that period of boom and bust. We had to pick up the pieces and start over again.

But, Mr. Chairman, we didn't hear much about inflation during the war when we were spending every 2 weeks a sum of money equal to that involved in this loan. We were fighting then for our liberty, for our freedom, for our lives, for our homes. That war cost us \$350,000,000,000 in treasure, not to speak of the precious blood of hundreds of thousands of our boys which was shed in the conflict.

What we are talking about here today is 1 percent of that sum, and if the granting of this loan will contribute one little bit to the preservation of peace in the world, I am for it and I believe every man, woman, and child in this great country would be for it.

I have thought about this matter very deeply for many days. Many lost their boys in this war and know what war means. We don't want to see another war which will spill the blood of our young men. I believe that in the United

States we have the most stable Government, the most stable currency, the greatest example of democracy, and free enterprise in this whole world, but I do not hesitate to say, Mr. Chairman, that, in my opinion, all of this would be swept over the precipice in another great world war. Our civilization will not stand up under another world war.

We are told that this loan is an essential part of our foreign economic policy. We are told that that policy has as its purpose the reduction of trade barriers, the elimination of discriminatory trade practices, an increase in the production and consumption of goods, and an increase of the interchange of goods between the nations of the world with the view of raising the standard of living of all peoples everywhere. We are told that if these objectives can be attained the result will be the creation of a climate favorable to the preservation of peace. I believe that is true. The peace will certainly be easier kept if more people have more to eat and more to wear.

I believe, that this proposed loan to Great Britain is an essential part of this whole program just as Bretton Woods is an essential part of it and that there is grave danger unless we ratify this loan that our whole foreign economic policy may be jeopardized and that the world will go back to practices and conditions which tend to sow the seeds of discord between nations.

We cannot have everything exactly as we would like it. I would prefer to delay making this agreement until we could see a little better as to what conditions in the world are going to be but we have set up the United Nations and we are going ahead doing everything we can to lay the bases for future peace. The Secretary of State, joined by two distinguished Members of the United States Senate, is now laboring in Paris to arrive at agreements with other nations which will be conducive to the future peace of the world. These gentlemen have approved the British loan. The Secretary of the Treasury, the Secretary of Commerce, officials of the State Department and other high Government officials negotiated this loan. The Senate has ratified it. The House Banking and Currency Committee has approved it by an overwhelming vote. Under all these circumstances, I cannot help feeling that an adverse vote by this House would be a step away from peace. I am not prepared to take that step. I shall vote for the ratification of the British loan.

Mr. GAMBLE. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. BRUMBAUGH].

Mr. BRUMBAUGH. Mr. Chairman, I am in favor of approving the so-called loan to Great Britain providing adequate security is offered by the British Empire that the loan will be repaid.

The far-flung possessions of the British Empire offer various forms of collateral that can be pledged as evidence of good faith and an intention to avoid default in payment of at least the principal of the proposed loan.

It is the accepted practice in banking circles to require sufficient collateral



from even your best friend, and it should not be construed as revolutionary to expect less from a friendly debtor nation. It is simply a matter of sound financing.

As Members of Congress in being called upon to approve this proposed loan we must remember as representatives of the people of the United States, we are in a sense custodians of public funds and strictly accountable for preserving such assets of the American people. The American taxpayer is a depositor of the United States Treasury and Congress in this instance is in the same position as a banker who is charged with safeguarding the deposits entrusted to his care.

On recent visits to Bermuda and Canada I was amazed to find that many of the citizens desired to spend their vacations in the United States but that they are restricted by their respective governments in regard to the amount of money they may take with them to the United States.

Bermuda depends entirely upon tourist trade for its livelihood and over 75 percent of the income from this source is received from United States citizens. Yet a resident of Bermuda visiting this country is not allowed to bring with him over \$500.

Our Canadian neighbors have a similar restriction which only permits tourists to the United States to bring with them \$200. If the British Empire desires free trade and expects citizens of the United States to visit British possessions with no limitation in personal funds, similar treatment should be accorded British subjects visiting this country. Elimination of restrictions of this nature should be considered in connection with any proposed loan whose purpose is said to promote free trade and good will.

The Liverpool Cotton Exchange should be restored as an aid to promoting free trade. Under the present system the British Government in its own name purchases the cotton having abolished the Liverpool Cotton Exchange. In the event that cotton becomes plentiful it would only be natural for the British Government to confine the purchase of cotton to British possessions thereby retarding the development of free trade with other nations.

Since VJ-day, England has enjoyed increased production because of the absence of labor disputes. It is said that the reason for such a peaceful condition is due to the fact that prominent labor leaders are now in key positions with the British Government and in a position to formulate and administer the policies now in effect between industry and labor. Many of the industries in Great Britain are now owned by the government having been nationalized by the party in power. The increased production has resulted in an expansion of Britain's foreign trade since VJ-day and a loan of \$3,750,000,000 appears excessive in view of this fact.

We must remember that England defaulted in payment of the loans granted during World War I and that we have furnished billions of dollars in lend-lease material during World War II that have been written off the books.

When Bretton Woods legislation was approved for the establishment of a world bank the argument presented in favor of

it was the assurance that it would remove the necessity of a loan of this nature. Now we are being asked to loan one of the participating nations a sum of money, part of which will be used to pay its contribution to Bretton Woods. I supported the world bank in the hope it would serve the purpose its advocates proclaimed. If this direct loan is made to Great Britain without any security there is no reason to expect that many other nations will refrain from making similar demands.

There is an age-old axiom that, "Charity begins at home." Within the shadow of the Capitol dome we have slum conditions that are a disgrace to the American people. Many American homes are hovels inviting disease and suffering from lack of adequate sanitary facilities. We can use these billions of dollars to aid countless distressed families in need of housing, broaden and improve our highway systems and assist returning veterans in their efforts to return to civilian life.

During the past week we have been told that President Truman is in accord with legislation approved unanimously by the House of Representatives to pay some three billion dollars in terminal leave pay to enlisted personnel of our armed forces, provided bonds are issued to servicemen with a 5 year waiting period for redemption. If our national economy is unable to withstand the immediate payment of terminal leave pay to the rank and file of our armed forces, how can we justify our action if we loan the British Empire three and three quarter billion dollars in cold cash and without any security?

In conclusion, I have the utmost respect for the English people and warm admiration for their stellar contribution toward the victory achieved. Yet in fairness to the teeming millions of American citizens who are poorly clad, undernourished and unable to find suitable shelter, I cannot in good conscience support the proposed loan unless adequate security is furnished.

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from Indiana [Mr. GRANT].

Mr. GRANT of Indiana. Mr. Chairman, we are asked by the pending resolution to give our approval to the terms of a financial agreement with Great Britain. This resolution would ratify a loan of \$3,750,000,000, but, over and above that, the agreement makes provision for the settlement of billions of dollars in lend-lease upon which the Congress is given no right to pass.

I have studied this question of the British loan from every possible angle. I have read much of the testimony of leaders of the administration who testified in support of the loan. I have listened to officials of this administration in their radio speeches in support of the loan. I have read the arguments for the loan that have been put out at taxpayers expense by the Government. This includes reprints of speeches by administration leaders and also the elaborate Department of State Bulletin with its frequent appeals for support of the British loan in its weekly issues. All of these publications, I repeat, were paid for by the taxpayers of America.

In all of them I have failed to find one single argument advanced against the loan. Surely there must be something that can be said on the other side of the question. The fact remains, however, that all of these tax-supported publications and Government officials have put out arguments on only one side of the question. Surely there must be something that can be said on the side of the American taxpayers who, after all, are going to have to foot the bill. But for more than 7 months now these Government agencies have had their opinion-manufacturing machinery running at full speed. They have embarked upon a program of education, of popularizing this loan with different classes and different groups of the American people.

Following the First World War, Sir Gilbert Parker, who served as Great Britain's wartime propaganda chief in the United States, described the American people as being "next to the Chinese perhaps, the most gullible people in the world." Possibly it is on that theory that our own Government's propaganda machinery, operating at the expense of the taxpayers, has been running for the past 7 months.

During World War II the United States sent lend-lease supplies to the British Empire in a total sum of about \$30,000,000,000, of which more than \$5,500,000,000 remained unconsumed in the United Kingdom at the end of the war. Deducting reverse lend-lease, the net amount supplied to Great Britain exceeded \$24,000,000,000.

The financial agreement arrived at by this administration, meeting with representatives of Great Britain, would settle all of this account for \$650,000,000, or at the rate of 2½ cents on the dollar. It is important to bear in mind that that agreement doesn't provide for the payment in full of that nominal settlement for more than 50 years.

What's more, even that settlement of 2½ cents on the dollar won't have to be repaid to us in cash. In the language of the agreement, we are to permit it to be offset to acquire land or construct buildings in the United Kingdom for the use of the United States and "for carrying out education programs in accordance with agreements to be concluded by the two Governments."

As I stated before, that sum was not even submitted to Congress for ratification—rather it was agreed upon by this administration under the Lend-Lease Act.

But what about the loan for three and three-quarters billion dollars? Our attitude on that question, our vote for or against the so-called loan should be weighed in the light of our responsibility to the American people, whom we are representing. There is no question but that Great Britain can use the money. The question that we should consider is what is our own financial situation; what is our own ability to carry out the loan, and what consideration runs to us if the agreement is to be carried out?

#### LOAN OR GIFT?

Is this a gift or is it a loan? In the original negotiations, out of which this agreement was developed, the British delegates asked for an outright gift from

the United States. There cannot be the slightest doubt about that. Chancellor of the Exchequer Hugh Dalton commented, following the announcement that the agreement had been reached, "We first asked for a grant-in-aid or an interest-free loan and were told that this was not practical politics and that Congress never would consent to such an arrangement." So, Mr. Speaker, it is now placed before us as a loan. At the same time, however, it has none of the conditions of a business loan, and few, if any, will contend that it will be repaid. It is neither fish nor fowl.

#### WILL IT ABOLISH TRADE BARRIERS?

Every American, of course, wants to see world trade flourish and grow. All of us want to see an ever-expanding market for the output of American farms and factories.

Those who shout the loudest for approval of this loan say that it will restore and expand world trade, especially with Great Britain, our best customer in prewar years. If our trade with Great Britain is to be expanded, it would, of course, require an end to the system of empire preference that has tightened the British Empire into a closed trading area during the past few years. Will that system be terminated if this loan is made? Those who favor the loan contend that that system will be terminated, but let's look at the record.

At the outset of the lend-lease program, Great Britain entered into a solemn agreement with the United States, making these solemn covenants:

The benefits to be provided to the United States by the Government of the United Kingdom, in return for aid furnished \* \* \* shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations \* \* \*

\* \* \* they shall include agreed action \* \* \* directed to the expansion, by appropriate international and domestic measures, of production employment, and the exchange and consumption of goods \* \* \* to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers.

May I repeat, "to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers."

Were these pledges kept? They were not. May I quote from a report of the Senate Special National Defense Committee made less than 4 months ago:

If actual barriers to United States trade had been eliminated and the United Kingdom had undertaken not to reestablish them or other new limitations to accomplish the same objectives, then the immediate cancellation of the lend-lease credit balance in our favor could be said to have been exchanged for a direct or indirect benefit. This, however, was not the case. The consideration which we received was illusory.

In the face of that solemn agreement, despite the fact that thirty billions in goods were supplied under lend-lease, British barriers to American trade are higher and not lower than they were before the war. The then Secretary of the Treasury Vinson so testified before the House Committee on Banking and Cur-

rency during hearings on the British loan. British pledges made on the consideration of thirty billions in lend-lease were not honored, even to the extent of preserving the status quo. Those are the facts.

What consideration runs to America in the pending loan agreement? Does Britain pledge herself to abandon her policy of empire preference? She does not. She agrees only to discuss trade barriers at some time in the future.

If the solemn pledges of the Atlantic Charter and of the lend-lease agreements did not produce a break-down of these trade barriers, then who is there that will contend that it will be done now?

#### BRITAIN'S SHIFT TO SOCIALISM

The British Labor Government is presently engaged in a broad program of socialization and nationalization of her industries. Already the Bank of England and the coal mines have been taken over by the government. The best evidence of that Labor Party's disapproval of our American system of competitive enterprise is given by a recent pronouncement of Prof. Harold J. Laski, author, economist, and former chairman of the British Labor Party, who said: "To those who say we have to choose—as I do not believe we have to choose—between the Soviet Union and the United States, with its passion for free enterprise which is not free and is not enterprise, we, the Labor Party, stand foursquare behind the Soviet Union."

Just last Sunday Mr. Laski spoke to the United States in a transoceanic radio hookup. In response to a suggestion that the capitalistic countries are now feeding the rest of the world, Mr. Laski said:

You just look at your own situation. Half your counties today in the United States haven't got any general hospitals. You have got millions who are living in overcrowded houses, without any plumbing and without any electricity and without any decent heating, and one out of every four of your children isn't attending school. That doesn't look to me like a great success for your private enterprise system.

Mr. Laski has been reading too much fiction but, the fact remains that it is that same system of competitive enterprise, which Mr. Laski contends is "not free and is not enterprise," which Britain today looks toward to supply her with three and three-quarter billion American dollars.

Just a few days ago an Associated Press dispatch from London carried the following announcement:

Deputy Prime Minister Herbert Morrison told the annual British Labor Party conference yesterday that nationalization of the vast chemical industry and of fishing, petroleum, and agriculture is being considered by the national executive committee.

Does anyone seriously contend that the pending loan is going to reverse the direction that Britain is traveling? Of course, it will not. We shall later find that our American dollars will have helped the coming of socialization to Great Britain.

#### THE LOAN AS A PRECEDENT

Some have contended that the loan to Great Britain is a "special case"—that it is in a class by itself. The fact is that

the making of this loan on the terms proposed is a dangerous precedent, both in the manner in which the loan is made and in the liberal terms on which it will be completed. As the minority views of the Committee on Banking and Currency so well states, "The 'special case' treatment of Britain seems almost deliberately calculated to create hostility and ill will." If this loan, as proposed, is made, then how can we refuse similar loans to other nations and on equally favorable terms? If such loans to other nations are not made, then are we not thereby creating ill will and suspicion and are we not engaging in power politics with dollar diplomacy that points the way toward future wars? The catch is that once embarked upon this course, there just is not any way to turn back. There are a hundred places to start loaning our money and no place to stop.

#### BRITAIN COULD SELL HER BONDS HERE

I am certain that there are many sincere Americans who support this loan. Why should not they be given an opportunity to invest in the bonds of Great Britain? If the loan is good business, then there should be no difficulty in raising the money. At the same time, all those Americans who oppose this loan would be relieved of financial responsibility in that respect.

Mr. Speaker, more than 5 months ago I introduced House Joint Resolution 315, which would provide the machinery for just such a plan. Under that plan British bonds up to a limit of \$3,750,000,000 could be sold in this country. Repayment to the bondholders would only be made out of any payments of principal or interest that were paid to us by the United Kingdom. The United States Government would be specifically exempt from any liability with respect to the payment of either principal or interest.

Unfortunately, that resolution is still pending in the House Committee on Banking and Currency.

It has frequently been argued that Congress has no right under the Constitution to tax one class of our people for the benefit of another. If that be true, then it becomes doubly true that we have no right to take that same money from our people and hand it over to a foreign government.

#### OUR OBLIGATIONS HERE AT HOME

We have tremendous problems here at home. We have obligations to the needy aged and to the blind. We have a responsibility to more than 15,000,000 veterans, their widows and orphans that must and will be met.

The proposed loan to Britain would bear interest at 2 percent but no payments on principal or interest would be due for more than 5 years. What is more, there would be no interest payment due during "bad" years. The President says those terms are "neither unusual nor difficult to understand."

Certainly they are both unusual and difficult to understand when we consider that we offer the returning GI a small loan at 4 percent with no 5-year moratorium on the interest, and the threat of a visit by the sheriff if the payments are not made on schedule. We should bear in mind, too, that there is no safety



clause for the protection of the veteran if and when he should have a bad year.

#### OUR NATIONAL DEBT

How can we afford to become the world's banker with a per capita national debt that already reaches \$2,000 for every man, woman, and child in the land? There is not enough wealth in America to carry the degenerating economies of Europe, Asia, and the rest of the world.

This money will not come out of thin air nor out of a magician's hat nor even out of the New Deal's seemingly inexhaustible supply of red ink. It will be added to the tax burden borne by the farmers, the laborers, and the business community of America. The American taxpayer assumes all the risk, and from the point of view of that American taxpayer this gift-loan is unwise, unjustified, unwarranted, and unsound.

We all know that America must work in harmony with Great Britain. Every American, I am sure, is convinced of that fact. There would be little objection to the making of this loan if we were convinced that it would not be used to subsidize social experiments, or to pay for propaganda to upset our American form of government, and if we were convinced that the American farmer and the American worker were in a position to stand the terrific tax burden for this loan and others that will follow, and if some reasonable security should be offered for its repayment.

Mr. Speaker, this is neither a gift nor a loan. If it is a loan, then it should be offered in a businesslike way. Such businesslike methods have prevailed in all other loans that we have made to other nations through the Export-Import Bank.

The terms under which this gift-loan is proposed will, I am afraid, create friction and ill will at the very time when harmony and good feeling between the English-speaking peoples of the world will be most needed.

Under the proposed terms, repayment does not begin until after 1951. Added to that are the special exemptions from repayment during any bad year that Britain experiences in her foreign trade.

This gift-loan will not, of course, be repaid in full, and few if any will contend otherwise. When the day arrives that default in repayment occurs, then how can we expect to have that harmony and good feeling that will be so essential.

This hand-out, under the terms proposed, should be defeated. The fiscal policies of this administration have already carried us to the brink of inflation. Continued spending can only mean more Government controls, more regimentation, more curtailment of our individual liberties. We cannot lightly ignore the solemn warning of Mr. Jesse Jones, former Secretary of Commerce, when he said:

We should stop issuing Government bonds and pay every dollar we can spare on our debt, now and as fast as we can. We have sold our Government bonds to the American people upon the basis and representation that they constituted the soundest investment that anyone can have. They can only be sound if we make them sound by cutting down on our own expenditures and stop lending money to countries that have no reasonable assurance of being able to repay it.

Approval of the proposed loan now before Congress would start the United States down a financial road that is likely to lead to disaster. Too much spending and lending and losing is a sure road to ruin. The Congress should not ignore the dangers that lie ahead.

Mr. Speaker, America does have a great responsibility in the postwar world, but we shall not be able to meet that responsibility or to assume that leadership by a continued dissipation of our material wealth and our rapidly diminishing resources.

The wealth and the resources of America belong, not to the Government, but to the people. We have no right to deplete those resources or to hurry America farther down the road toward inflation and bankruptcy.

Only by a restoration of sanity in our fiscal policies can we attain that freedom and opportunity that we seek for our returning veterans and for our America of tomorrow.

Mr. SPENCE. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. BARRY].

Mr. BARRY. Mr. Chairman, about a year ago Representatives of our State and Treasury Departments appeared before the Banking and Currency Committee and recommended that the United States join in the Bretton-Woods agreements to establish a world bank for rehabilitation of war-torn countries and a world fund for stabilizing currency and for the elimination of currency warfare practices.

As stated on page 9, of the Senate Report on Bretton Woods:

The establishment of the fund will make it possible to restore the system of multilateral payments without which a large volume of world trade will be impossible.

Under the fund agreement countries may not impose restrictions on dealings in foreign exchange which interfere with current international business. They must also remove the currency restrictions and discriminations that hamper world trade. An exception is made for countries that must deal with the devastation and disruption growing out of the war. But such countries must relax their restrictions progressively and they must remove them entirely when they can do so without excessive help from the fund.

The fundamental purpose of the international monetary fund is to facilitate the expansion and balanced growth of international trade and investment by providing an environment of currency stability and order in which international business can flourish.

Page 10 of the Bretton Woods fund agreement report further provides that members shall not impose restrictions on payments and transfers for current international transactions.

Congress was told at that time that these agreements were the result of years of work and study and that if we contributed \$6,000,000,000 to the fund and the bank, foreign trade would flow and flourish more freely than it ever had before. All trade restrictions would be eliminated and all important currencies in the world would be stabilized. Countries that lacked dollar exchange would be able to obtain it from the fund and that nations which needed long-term loans to rehabilitate their countries would get them from the bank.

We were also told that we would not pursue the same policy we did after the

last war of making individual loans to countries which would never be paid back, because every nation made a contribution to the bank and we would, therefore, stand to lose only about 35 percent of every loan instead of 100 percent, and so as a result of these persuasive arguments, Congress permitted our Government to contribute \$6,000,000,000 which was our share for both the fund and the bank.

Some 44 nations took part in drawing up the Bretton Woods agreements. To date some 40 nations have signed up. About 95 percent of those countries are going to need dollar exchange from the fund and are going to borrow more than their contribution from the bank. The United States will, of course, not borrow from either the fund or the bank. We will just contribute.

Now a year later, our Treasury and State Departments come back and say that Great Britain needs \$3,750,000,000. In order to fulfill her obligations to the Bretton Woods agreements and for other purposes, and if we lend her that money she will agree to do the things she already agreed to do some time ago when she signed the Bretton Woods agreements. So that we gain nothing new in the way of concessions by giving this additional \$3,750,000,000 to Britain. She merely promises to do that which she is already bound to do.

Mr. Clayton, Assistant Secretary of State, challenged my statement to the extent that under the Bretton Woods agreements, Britain, under certain circumstances had 5 years to remove currency restrictions while under the British loan agreement she promised to remove them within 1 year. I pointed out to him that, under exceptional circumstances under the loan agreement, Britain could get further indefinite extensions of time and that if we refused her nothing could be done about it because she would have already received our money. At least under the fund agreement, if she fails to keep her obligations, she can be removed from membership therein.

France has already gotten a loan of \$1,000,000,000 through the Export-Import Bank. Other countries have also made applications for loans and some have obtained them.

Russia is looking for a loan and the Export-Import Bank wants to increase its lending power so that it can make a loan to Russia without the approval of Congress.

If this British loan goes through why should not all other debtor countries, members of the Bretton Woods agreements, seek and get the same consideration from the United States? The argument that we do 20 percent of our trade with Great Britain or 40 percent with the British Empire still leaves the major portion of our foreign trade with other countries. Why should not they get in on a pro rata basis?

I feel that if we make this unsecured loan to Britain we will wind up by lending every debtor country enough money to make its contribution to the fund and the bank, and in the end we will have contributed 95 percent of all the money in both the fund and the bank, which I do not feel the United States can possibly

afford to do without bringing about inflation and ruin of its own economy.

Let me reiterate all the so-called benefits were pledged us when Britain signed the Bretton Woods agreements. Furthermore, this loan if made to Great Britain in no way binds Australia, Canada, New Zealand, South Africa, or any part of the British Empire. This does not change Britain's policy of imperial preference established at Ottawa in 1932. In fact Britain could not do away with her policy of imperial preference without the consent of her dominions who have given her concessions in return for that policy.

It is my conviction that the British have less intention of ever paying this money back than they did the debts incurred during the last war. If they had any intention of paying it back they would be willing to put up some type of collateral of which they have an ample amount.

When you vote for this measure you are in my opinion giving away \$3,750,000,000 of the taxpayer's money, and I sincerely believe that there is not a single congressional district in the country where the majority of the people favor this gift.

Mr. BUFFETT. Mr. Chairman, will the gentleman yield?

Mr. BARRY. I yield to the gentleman from Nebraska.

Mr. BUFFETT. I should like to add that in addition to giving away this money we are sending away at a critical time in our history \$3,750,000,000 of our resources when our own people are suffering from severe shortages of many kinds.

Mr. BARRY. I thank the gentleman for his contribution.

The argument that we must give Britain this money in order to save it from communism is, to my mind, premature. The time for that approach is if, and when, we decide that the United Nations is a failure and that it is impossible to get along with Russia and we must, therefore, form an anti-Russian economic bloc. If that time comes, and I hope it doesn't, we can then decide how much money we can afford to give England for the purpose of carrying on economic warfare against that part of the world dominated by Russia. Such a policy may very likely lead to war. Why adopt it now when United Nations organization is striving for world peace and unity? We cannot consistently strive for a united world League of Nations where all countries are to be treated alike and at the same time subsidize one great nation's economy as against another.

All this talk about the tremendous increase in foreign trade is greatly exaggerated. Nations, like people, buy what they want and what they need. Argentina will not buy beef. Ear muffs cannot be sold in tropical countries. No country buys what it has a surplus of. Trade follows normal channels.

During the very prosperous years before the crash of 1929-1930, our total exports averaged only \$4,700,000,000 a year. The amount of goods sold to Britain during those years averaged about \$850,000,000. After the world-wide de-

pression the total exports fell to \$1,500,000,000 in 1930. By 1933 they had increased to \$3,000,000,000. During those years we coped successfully with the totalitarian regimes in Japan, Germany, Italy, and Russia. We not only traded with those countries, but we in every instance had a favorable balance of trade. This Nation has and can withstand any kind of economic warfare that may be resorted to. It is not a desirable situation, but I refuse to believe that we have to bribe England and every other nation who might act likewise to keep them from using sharp trade practices against us. As a matter of fact, we are in a far stronger position to be tough, if we must be, than any other nation in the world.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. BARRY. I yield to the gentleman from Pennsylvania.

Mr. GAVIN. I want to compliment the gentleman from New York on a very fine statement of good, sound common sense. I merely want to call the attention of the gentleman to the fact that in 1776 we were a Republic surrounded by a lot of monarchies. Yet this Nation grew to be the greatest nation in the world. We may again become a Republic surrounded by a lot of communism, but with that old American spirit we have nothing to fear from that threat.

Mr. BARRY. I thank the gentleman.

I do not object to making a reasonable loan to England or any other nation, provided they put up the best collateral that they can, and that the terms and conditions of the loan resemble to some extent a business transaction. The interest rate and the terms of the present loan are fantastic. The fact that England has ample collateral and will not agree to put any of it up, is beyond my understanding if she has any intention of ever paying it back. In years to come, if this loan should pass, and no effort is made to pay it, it will become the greatest obstacle to continued Anglo-American friendship.

In the interest of the American people and our future relations with Britain I ask that the loan be defeated.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. BARRY. I yield to the gentleman from California.

Mr. McDONOUGH. Since there is no collateral attached to this loan, does not the gentleman believe that it is in fact not a financial agreement in the true sense of the word?

Mr. BARRY. The men who negotiated this loan were so convinced that England needed this money, and they were sincere about it, that they cared not whether it is paid back or not. I consider it is a gift.

Mr. McDONOUGH. Does the gentleman believe that it is a political loan; that it has any political implications?

Mr. BARRY. It could very well have implications regarding Russia, and unless we are willing to give Russia a similar loan, then it would necessarily have political implications.

Mr. McDONOUGH. That is in view of the fact that the argument has been

made that if we do not make this loan to Great Britain there is a possibility that England will go communistic.

Mr. BARRY. I do not believe there is any possibility of that.

Mr. McDONOUGH. The argument has been made that that is the case anyway, and since it is admitted that this is not a commercial loan, then it must have political implications.

Mr. BARRY. I imagine if Russia does not get a similar loan it will have tremendous political significance, and I do not believe that this House will pass a Russian loan.

Mr. McDONOUGH. By "similar loan" the gentleman means a similar amount?

Mr. BARRY. A similar amount.

Mr. McDONOUGH. With similar security?

Mr. BARRY. On the same terms.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. BARRY. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. The evidence shows that England and the countries in that particular area trading with England had about 50 percent of the international trade and that the United States had 25 percent. I am informed that Russia had only about 1½ percent of the international trade.

Mr. BARRY. I do not quarrel with that.

Mr. GAMBLE. Mr. Chairman, I yield such time as he may desire to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

#### BRITISH FINANCIAL AGREEMENT

Mr. PATMAN. Mr. Chairman, I am inserting herewith the testimony of witnesses representing the American Bankers Association. It is as follows:

#### ANGLO-AMERICAN FINANCIAL AGREEMENT

#### HOUSE OF REPRESENTATIVES, COMMITTEE ON BANKING AND CURRENCY,

Washington, D. C., Friday, May 24, 1946.

The committee reconvened, at 10:30 a. m., Friday, May 24, 1946, BRENT SPENCE, chairman, presiding.

The CHAIRMAN. The committee will be in order.

We have this morning Mr. Burgess and Mr. Hemingway. Mr. Burgess has appeared here before at the time of the Bretton Woods agreements hearings as the chairman of the American Bankers Association.

Mr. Hemingway is chairman of the committee on the British loan of the American Bankers Association.

Both of these gentlemen have prepared statements.

I will call on Mr. Hemingway to read his prepared statement and then Mr. Burgess can read his prepared statement, following which they can answer questions. They have accommodations to return to New York at 2 o'clock by plane, and, owing to transportation difficulties, will have to leave before that time in order to make their plane.

Mr. Hemingway, you may identify yourself and proceed, and I will ask the committee not to interrupt the witnesses during the reading of the prepared statements.



STATEMENT OF W. L. HEMINGWAY, CHAIRMAN,  
COMMITTEE ON THE BRITISH LOAN OF THE  
AMERICAN BANKERS ASSOCIATION

MR. HEMINGWAY. Mr. Chairman, my name is W. L. Hemingway. I am president of the Mercantile Commerce Bank & Trust Co. of St. Louis, and I am chairman of the advisory committee on special activities of the American Bankers Association.

The matter of the Anglo-American agreement was referred to this committee for study and report to the association.

The committee had its meetings and made a unanimous report to the executive council of the American Bankers Association, which met in the middle of April, and when this report was made, it was before a large meeting of bankers and was unanimously adopted without objection.

I will read the statement that was adopted.

The adoption by the Congress of the joint resolution ratifying the financial agreements with Great Britain of December 6, 1945, is in the interests of the United States.

The postwar world we anticipated through the long years of the conflict is here. A search for the solution of the problem of world economic reconstruction leads to the conclusion that production and exchange of goods and services in the greatest quantity possible provide the only answer to the wants and needs of millions, to staving off the worst evils of inflation and, on the other hand, preventing a deflationary collapse.

We are of the opinion that the agreement will provide at a critical and unique point working capital essential to the world's economic well-being, that it will assist in the removal of international trade barriers, and that in so doing it will promote world economic recovery and contribute materially to future world peace. In part by that means, nations can attain a degree of prosperity that will bring contentment at home and peace abroad, and to the United States this means that we shall be aided in servicing and reducing our national debt and maintaining the integrity of the dollar.

The making of this loan should not preclude a program of economy, reduced Government expenditures, and balanced budgets, because there are other avenues of economy open to the Federal Government which are far less vital to the restoration of prosperity and peace than the proposed Anglo-American credit agreement.

There are those who are alarmed by the trend toward socialization of some of the basic industries of the United Kingdom, as incompatible with the broad philosophy of the loan agreement. Certainly the permanent closing of the Liverpool cotton market and its replacement by state trading in cotton is not reassuring to those who seek the revival of private enterprise in trade between nations so necessary if the standard of living of the world is to be raised.

If the present world were one of balanced economies such as prevailed prior to 1914, objections of this sort might outweigh the advantages of the proposed credit agreement, but in the war-torn world of today, actions must be directed toward what seems the best way out of unprecedentedly difficult conditions.

In the efforts this country is making to establish international peace and well-being, we need partners on whom we can rely, who share our objectives. Britain has proved herself a staunch and loyal partner. Today Britain needs our help to rebuild her strength—to make her a more effective partner. The ratification of this agreement will help supply that need and will also hearten her spirits at a critical time. It is in our interest so to strengthen Britain.

I would like to supplement that resolution by a very brief statement, Mr. Chairman, explaining the reasoning of our committee when it was adopted.

We feel that if this country is to solve the problems confronting it, we must have a

reasonable degree of prosperity. We think that this country cannot prosper alone; that the other nations of the world must share in that prosperity to some extent. In order to bring this about, foreign trade, world trade, must be revived, and, as the great world trader, Britain must be encouraged and stimulated in helping restore that world trade.

One of the things that is essential to that is the stabilization of the pound sterling, we think. The world must have sound currencies if it is to have an active trade, and it seemed to us that this would enable England to stabilize its pound sterling and to get back into foreign trade and help restore world trade. That was the logic, or the reasoning, at least, on which this resolution was based.

That concludes my statement, Mr. Chairman.

The CHAIRMAN. These gentlemen have asked to have their statements incorporated in the record without interruption, so we will call on Mr. Burgess now. Mr. Burgess.

STATEMENT OF W. RANDOLPH BURGESS, VICE  
CHAIRMAN, NATIONAL CITY BANK OF NEW  
YORK

MR. BURGESS. Mr. Chairman and gentlemen, as the Chairman said, I am no longer president of the American Bankers Association, but come here simply as a member of Mr. Hemingway's committee, which committee considered the British agreement, and which agreed unanimously on the statement which Mr. Hemingway has just read.

I thought possibly it might be helpful if I added a very brief interpretation of the meaning of the statement, and I will read these two pages, with your indulgence.

The Congress should ratify the British financial and trade agreement, not because it is a perfect arrangement, but because such a plan is an essential part of any constructive program for restoring and maintaining peace.

There is plenty of room for honest difference of opinion as to this proposal. It is well to recognize some of the difficulties.

First, this is not a suitable bank loan by commercial standards. There is a good chance it will be paid, but the risk is substantial. No group of commercial banks or investors could afford to take so great a risk. This risk can only be borne by the Nation as a whole in the national interest.

Second, the British loan increases this country's financial burden at a time when we are seeking to reduce inflationary buying power and seeking also to reduce the tax burden, which impedes production. The weight of the loan is not large, however. It takes about 1 percent of the national income for 2½ years.

Third, the agreement gives aid to a government in Britain which is committed to a socialistic policy of government ownership of certain industries. The policies of this government seem to many of us to be placing an obstacle in the way of freedom of trade and the stimulation of enterprise.

I could go on and name a number of other reasons that are well worthy of consideration that would argue against the loan, and all these are objections that I know were weighed by the people in our Government who negotiated the loan, and I know they are reasons that this committee is entirely justified in reviewing with care.

As against these objections, however, there seem to me overriding reasons which make the ratification of the agreement essential.

The world is in a desperately difficult economic, financial, and political situation. Just as we won World War I and lost the peace, so today we are in danger of losing the peace a second time. It was the economic and social disorder after the First World War which bred Hitler, Mussolini, and World War II, and we are today moving in the same direction.

Every traveler returning from abroad tells the story of disorder and distress that can be cured only by patient and constructive rebuilding. Europe, if it is not to be a sore spot on the world, must have food, raw materials, and tools to restore the order and tranquillity which are essential to peace. Now, the often-demonstrated fact is that in Europe the greatest cohesive and constructive force is Great Britain. For more than a century the world's peace was a pax Britannica, maintained by her sea power, her skill in government and business, and her ideals of democracy and integrity. One could illustrate that in many ways. I have attended a number of financial conferences in Europe and have watched the role Great Britain has played in those conferences. I think what I saw there with my own eyes fully justified the statement that Britain has been a great cohesive force and that her influence has been one to get results, to get things moving, to harmonize differences between other countries. What would the League of Nations have been without Great Britain? It would have blown up a good many years earlier. The United Nations, without a strong Great Britain, will have much greater difficulties in accomplishing its purposes. The strategic point for aiding Europe, if you want to put your finger on the critical point, is aid to Britain.

Second only to disorder and distress, the greatest enemy to human freedom and the greatest threat of war is statism—totalitarianism, if you will. After World War I, dictators took over power, and whether it was called nazism or fascism or communism, it was all dictatorship, which is the opposite of democracy. For centuries Great Britain has been in Europe the most powerful exponent of human rights. To strengthen Britain is a most effective means of resisting dictatorship. Even in Britain itself the struggle between statism and democracy goes on. Without economic help, Britain will be forced into more regimentation, more extension of the powers of government, and less freedom for the individual human being. This British loan is a safeguard to human liberty.

The British loan is not by itself a cure for the troubles of Europe or the world, but it is one step—and an essential step—in any program for rebuilding and maintaining a peaceful prosperous world. There must be a program, and if we are to win the permanent peace we seek we must be willing to take the individual steps which are essential parts of that program.

The CHAIRMAN. For the benefit of some members who were not here, I stated at the beginning of the testimony of Mr. Hemingway and Mr. Burgess that they have reservations on the 2 o'clock plane for New York. I hope the members will govern themselves accordingly in their interrogation. Mr. Brown.

MR. BROWN. Under those circumstances, I will not take up any of their time.

The CHAIRMAN. Mr. Crawford.

MR. CRAWFORD. Mr. Hemingway, in the second paragraph of your statement, page 1, you have a sentence which interests me very much, wherein you say:

"A search for the solution of the problem of world economic reconstruction leads to the conclusion that production and exchange of goods and services in the greatest quantity possible provide the only answer to the wants and needs of millions, to staving off the worst evils of inflation, and, on the other hand, preventing a deflationary collapse."

I will have to question that language. I want to ask you this question: Assuming that production goes ahead at full speed, based on the capacity of capital goods, what part can Government, itself, play in promoting deflation, or promoting inflation, or preventing deflation? Do I make my question clear?

Mr. HEMINGWAY. I do not believe it is, Mr. Crawford.

Mr. CRAWFORD. All right. Let me say it this way: You are speaking for bankers and I am trying to speak the bankers' language for a moment. Our Government, in recent years, has monetized over a hundred billion dollars of the Federal debt, has it not?

Mr. HEMINGWAY. That is right.

Mr. CRAWFORD. Now, what can productive machinery and productive labor do in preventing inflation, if governments are to follow such a course indefinitely?

Mr. HEMINGWAY. They cannot do anything if the Government is going to continue that process.

Mr. CRAWFORD. That is the reason I question this language in your statement, because you say "provide the only answer."

Mr. HEMINGWAY. Well, I think what we meant to say was that the production and exchange of goods and services is necessary to prevent inflation.

Mr. CRAWFORD. But it is not the only answer in preventing inflation, is it?

Mr. HEMINGWAY. I think that is correct.

Mr. CRAWFORD. That is what I wanted to clear up.

Mr. HEMINGWAY. Yes; that is true.

Mr. CRAWFORD. I think I know what you mean, but I do not want this language to be misinterpreted.

Now, will not the management of our debt—that is, the United States direct interest-bearing Federal debt—will not its proper management have about as much to do with the prevention of destructive inflation, and the prevention of destructive deflation, as any other single factor?

Mr. HEMINGWAY. I think it is a very important factor.

Mr. CRAWFORD. Yes. Of course, along with that, we have to have the production of goods and services, and full employment, and we have to maintain the national income for the purposes of servicing the debt.

Mr. HEMINGWAY. That is correct.

Mr. CRAWFORD. What I am attempting to do, with your assistance, by reason of the high position which you occupy, and the group for which you speak, is to bring out that we must give more attention to the management of our present debt, must we not, in order to handle this problem?

Mr. HEMINGWAY. I agree with you that the debt must be properly managed or these efforts will probably not be fruitful.

Mr. CRAWFORD. Yes, sir. Now, on page 2 of your statement, you make a very brief reference to the closing of the Liverpool cotton market, and its replacement by state trading in cotton. Is it your understanding, as far as you have been able to get information, that the proposed International Trading Organization, as mentioned in the joint statement of Mr. Attlee and Mr. Truman, along with a good many other statements that have been made by officials of the Government, that the International Trading Organization will be set up and operated in such a manner as to leave, for instance, the Liverpool cotton market open for the use of individual traders, or is it your understanding that under the International Trading Organization, governments like the Socialist government of Britain will proceed to trade as states, and thus interfere with the trading of our individual citizens? Could you give us any light on that?

Mr. HEMINGWAY. It is my impression that the British Government will continue to trade as a state, and will make bulk purchases of cotton. The agreements do not prevent that. Of course, we had hoped that that might be changed, but we have no evidence to cause us to think that it will be changed.

Mr. CRAWFORD. I simply repeat for the record—

Mr. BROWN. I did not understand, Mr. Crawford, what would be changed.

Mr. CRAWFORD. If I understood Mr. Hemingway, his statement is to the effect that he has found nothing in the language and proposal of the International Trading Organization which will leave our individual citizens, cotton dealers, for instance, free to deal with British citizens as such, but that our citizens must deal, so far as the selling of cotton is concerned, with the British state, with Britain purchasing in bulk quantities.

Mr. HEMINGWAY. Mr. Burgess calls my attention to the fact that there is an agreement that the British Government will not discriminate in its purchasing in bulk from various countries.

Mr. CRAWFORD. But as our people deal with Britain and the British on matters pertaining to raw cotton, our people will have to deal with the British Government instead of British citizens?

Mr. HEMINGWAY. That is correct.

Mr. CRAWFORD. Now let me again say for the record that the greatest difficulty I have, as a Member of Congress, in coming to a conclusion on this proposition, is my fear that the International Trading Organization will so circumscribe our citizens who desire to import and export that in the future they will have little, if any, freedom in their enterprise and dealings with the other countries of Europe. You have further confirmed those fears by giving me your thoughts with respect to cotton and the Governments of Great Britain and Northern Ireland.

Do you know of any other basic commodity in which we might deal, for instance, tobacco, or wheat, or corn, or pork, and pork products, which would, to your knowledge, be purchased by the Government of Great Britain as a government, thus forcing our people to trade with Great Britain as a government instead of trading with British citizens as individual importers?

Mr. HEMINGWAY. It is my impression that the British Government is continuing its war purchases of all food products, but I am not informed as to whether that will be a permanent policy or not.

Mr. CRAWFORD. I have reference now to the period subsequent to the effective date of the consummation of the International Trading Organization—not the interim—because, as I understand it, Britain will go ahead aggressively protecting her interests in every way possible in the meantime. But what is your understanding with reference to the post-International Trading Organization date?

Mr. HEMINGWAY. I have no information on any of those commodities except cotton. Mr. Burgess would like to answer that question, I believe.

Mr. CRAWFORD. Mr. Burgess.

Mr. BURGESS. I think the British Prime Minister, or one of the officials, has stated that, with respect to each commodity it would be settled on its own merits, so there is no commitment either way. Now, I think one might hope that the storm of protest that was aroused, both in Britain and here, with respect to cotton, may have given them reason to pause as to the desirability of going further. It is a very moot point in England itself, and I might reply to one point that you made, Mr. Crawford. I think it is just a question of language. One cannot blame this state trading on the trade agreement which will be discussed at a later trade conference. That is, this bulk trading, this government trading, is not a matter that is provided by the trade agreement. Quite the contrary. The trade agreement tends to place limitations on a government going into bulk trading. It does not say you cannot do bulk trading. But it does say that if you are to do it you must be nondiscriminatory, and you must follow commercial standards of practice in your operations, and I think it is fair to say that the whole tenor of the trade agreement is to get away from restraints, and that its enactment will tend to slow down this operation, rather than to push it forward—I mean the operation of the

Government taking over and manipulating markets, and so on.

Mr. CRAWFORD. I would like to ask another question on that. Let us see if we can illustrate it in this manner: Suppose the international trade organization is placed in operation and implemented in every way possible by all these countries which participate in it, including Great Britain, the United States, Canada, Australia, and such other countries that join, and the people in this country find themselves attempting to compete in countries including British areas, in our exports of automobiles by Chrysler, Ford, General Motors, and others, as against Great Britain as a country exporting British-made automobiles to British areas, and other countries where we are attempting to sell. Is it the understanding of you gentlemen that the rules of the international trading organization will be such that our citizens here in the United States will have to compete in world markets with governments operating as such, members of the international trading organization?

Mr. HEMINGWAY. Not in exportable products of that character.

Mr. BURGESS. I would not say that the trade arrangements made things worse in that respect. I would think they made them decidedly better.

Mr. CRAWFORD. Well, I agree with you, Dr. Burgess, that the trade agreement might somewhat modify these propositions.

Mr. BURGESS. That is right.

Mr. CRAWFORD. But what I am trying to find out, if anyone knows—and I do not know that anyone knows—is the concept of the international trading organization, insofar as discussions have gone, and conversations have been held, that after it is created, and supplemented by this advance of \$3,750,000,000, plus other advances that we will perhaps be requested to make in the way of extensions of lines of credit, is it still within the concept of the international trading organization conversations and discussions, that our people will, after having gone that far, as individual citizens, have to operate in the world markets with our citizens competing with other governments. I think that is a plain and simple question that our people are entitled to have some answer to.

Mr. BURGESS. I would answer that, Mr. Crawford, by saying that with the world set-up the way it is economically, that we face that problem anyway. We are bound to face that problem. And my feeling would be that we better our position if we have the trade organization, if we have a framework and an organized way for dealing with it, and if we have these agreements that Britain subscribes to in her subscribing to the principles of the trade organization. For example, the agreement that she will not increase her Empire preference, that any movement will be in the direction of nibbling that down, and the commitment that when the Government trades, it must do so in a non-discriminatory way. Those are a very great help. So I think that the trade organization proposed furnishes a framework for making arrangements in an orderly way. A place where you can bring people before the captain's desk when they start practices that we think are destructive. So my feeling is that the American trader, the automobile manufacturer, the maker of any commodity, will be better off in competition with the trade organization and agreement than without it.

Mr. CRAWFORD. I can go along with you most of the way on that observation, but I certainly question the advisability and the fairness of asking us to do the financing, and then leaving us circumscribed, which puts our people up against some form of statism with respect to imports and exports, and if the interested countries were simply coming together here and forming an organization to eliminate bad practices on the part of governments and individuals, and putting up tax revenues on an equal basis, that would



be one thing, but we are doing the financing, and there is where the rub comes so far as I am concerned on this matter.

One other question in connection with your statement, Mr. Burgess: On the first page, third paragraph, of your statement, you say: "No group of commercial banks or investors could afford to take so great a risk. This risk can only be borne by the Nation as a whole in the national interest."

Have you in mind, roughly, the total aggregate of credits extended by our people and our banks, following World War I?

Mr. BURGESS. If you include both commercial and direct investments abroad, and world war debts, it is around \$20,000,000,000.

Mr. CRAWFORD. No; I do not refer now to anything that the Government itself did.

Mr. BURGESS. Then, it comes to somewhere between \$10,000,000,000 and \$15,000,000,000.

Mr. CRAWFORD. That is, on the part of individuals, corporations, underwriters, banks, and investors?

Mr. BURGESS. That is right.

Mr. CRAWFORD. I raise this question because I sincerely believe—I do not only feel it, but I believe it—that we, as captains, we, as enterprisers, we, as commercial bankers, we, as investors, are moving rapidly down a road where we expect the Federal Government, as such, to assume all risks and leave us with insurance of all kinds and guaranties of all kinds, and protection in every way that a government can give individuals protection, instead of going out here and actually practicing the doctrine and philosophy of capitalism which we preach all the time. I think we are going to run a head-on collision with respect to the operation of commercial banks within the near future in connection with this management of the debt to which I have referred, and I regret to see, in a statement released by the commercial bankers of this country, the philosophy that no group of commercial banks or investors could afford to take so great a risk. I happen to be one of those who believes that commercial banks and investors, and people who are thrifty and save money, and who adventure, can take any kind of a risk that has to do with the promotion of organized society. I think we are getting on pretty dangerous ground when we continue to say to the Government that the Government should take the risk, instead of we who advocate the private enterprise system getting out and doing it ourselves.

That is all I have.

The CHAIRMAN. Mr. PATMAN.

Mr. PATMAN. Mr. Hemingway, I believe you said something about balancing the budget in your statement.

Mr. HEMINGWAY. Yes.

Mr. PATMAN. Do you not think that we should forget about any tax reductions for the next couple of years, and do everything we can to balance the budget, rather than begin to talk about more tax reductions?

Mr. HEMINGWAY. I think the balancing of the budget is essential and unless some sound method can be devised for reducing the taxes, they should be maintained.

Mr. PATMAN. I have insisted all along that we have been reducing taxes too rapidly, and people talk about balancing the budget here in the House and the Senate, but at the same time they vote to reduce taxes at every opportunity. I know during the war we put through the Ruml plan which cost about five or six billion dollars, in 1945. And we adopted a plan which is costing us about \$5,000,000,000 a year, about three billion plus for corporations and two billion plus for individuals, in a tax reduction last year.

Mr. HEMINGWAY. I think we should balance the budget first and then start in to reducing taxes.

Mr. PATMAN. In other words, without having any tax reduction until we do balance the budget.

Mr. HEMINGWAY. That is my theory.

Mr. PATMAN. I thoroughly agree with you on that.

You mentioned, Mr. Burgess, the fact that, after the war, dictators got control of so many governments. How did they get control of those governments? In the case of Russia, of course, it happened before the end of the last war, did it not?

Mr. BURGESS. Yes. Kerensky was in 1917, followed by Lenin.

Mr. PATMAN. But that was due to the fact that the people distrusted their governments, and these people could quickly move in and get charge of it.

Mr. BURGESS. Yes.

Mr. PATMAN. They were so conducted that people had no confidence in them.

Mr. BURGESS. Yes. That is right.

Mr. PATMAN. Did not the same thing happen in Italy and Germany, where the people distrusted their governments, and by reason of that distrust a few people got control of them?

Mr. BURGESS. It was partly that. I think it was part of the great distress. When people do not have food and do not have work, they are ready for a change of any kind.

Mr. PATMAN. And that caused, of course, little wars, and little wars caused the big war?

Mr. BURGESS. Yes; that is right.

Mr. PATMAN. And that is the reason we should move in now and try to help the private-enterprise system in England and Europe to get restored by extending this credit?

Mr. BURGESS. That is my judgment.

Mr. PATMAN. Mr. Eccles made the statement, I understand, before this committee—I was not here—about an evil that is growing up in the banking system now, Mr. Burgess, which I would like to ask you about in view of your knowledge of the banking system. He said in his statement, as reported in the press, that the banks are adopting the policy of selling their seven-eighths-percent certificates to the Federal Reserve banks, and thereby obtaining credit, and then expanding about six times in the purchase of higher-interest-bearing Government bonds. Is that correct?

Mr. BURGESS. No, sir; I do not think it is.

Mr. PATMAN. You do not think they are doing it?

Mr. BURGESS. I have had no chance to see Mr. Eccles' full statement. I read the excerpt from it in the Times this morning.

Mr. PATMAN. Did I quote it approximately correct?

Mr. BURGESS. I think so, yes; as far as the quotation in the Times went. Of course, during the war it was the policy of the Government to keep money very easy, to keep the banks with large excess reserves, so that they could absorb any bonds that were not taken by investors. We did our best to sell bonds to investors. As you know, I was on the War Finance Committee.

Mr. PATMAN. Primarily, of course.

Mr. BURGESS. But in addition, the banks had to take what was left off. They did, and I think they did a swell job. Now, after the termination of the war, many of us thought that the policy should have been changed very quickly to tighten that money situation, no longer leaving this sloppy or loose money about, no longer to encourage banks to borrow money and buy bonds, but unfortunately the Federal Reserve System kept in force an invitation for the banks to borrow from the Reserve System. That is, they continued in effect a half of 1 percent discount rate for Government securities that many of us felt should have been abolished a good deal earlier.

Mr. PATMAN. It has been abolished now, has it not?

Mr. BURGESS. They did it this spring. We had a statement by the American Bankers Association recommending that. Now, I find it a little difficult to understand Mr. Eccles accusing us of bringing stuff around to him when they had this invitation on the door saying, "Please come in and bring your bonds, and we will give you a profit by bor-

rowing on them." As a matter of fact, if you will look at the record, from the first of this year, I think you will find that the banks have not been pushing off their short securities and buying long securities. There have been no expansions of bank credits since the beginning of this year, since the war bond drives were over.

Mr. PATMAN. Do you agree with Mr. Hemingway that we should first balance the budget before considering any further tax reduction?

Mr. BURGESS. Yes, I think so. I think it may be possible to do it together. I think we ought to balance the budget in the year 1946-47. I think we can.

Mr. PATMAN. And do that first?

Mr. BURGESS. I think we cannot only balance the budget, I think we can have a surplus to retire debt, and I think we should.

Now, there is another consideration that I just want to throw on the table. The way to balance the budget is from taxes on a good volume of production and trade. It may be that, at certain points, the taxes are holding back production and trade to a point where you could lower them slightly, and increase trade at that point so that you would get enough taxes to make up for your reduction.

Mr. PATMAN. In other words, make adjustments where necessary?

Mr. BURGESS. I think there are some adjustments that could be made. We made an adjustment on the excess profits tax.

Mr. PATMAN. Well, transportation is very critical, and I do not want to delay you gentlemen at all by asking further questions. I will write you a letter if I have any further questions.

Mr. BURGESS. Thank you.

The CHAIRMAN. Miss SUMNER.

Miss SUMNER. I have not read the gentleman's statement, but I have been informed that the country bankers of my part of the country are stating that the banks should be closed on account of the railroad strike.

The CHAIRMAN. These gentlemen have accommodations on a plane back to New York at 2 o'clock this afternoon. They have to use them in order to insure their return to New York.

Mr. PATMAN. Why do they want the banks closed?

Miss SUMNER. Because you cannot get your money down from your city banks.

Mr. PATMAN. The airplanes are flying.

Mr. MONRONEY. You can carry an awful lot of money in a truck.

The CHAIRMAN. I do not think that point is relevant.

Do you have any other questions?

Miss SUMNER. No; I have not read his statement, and, at any rate, I have some calls to make on that point.

The CHAIRMAN. Mr. Monroney.

Mr. MONRONEY. Mr. Burgess, do you know the amount of the British loan that was defaulted after the last war? Was it in the neighborhood of \$4,000,000,000?

Mr. BURGESS. My memory is hazy. I think it was in that neighborhood; yes.

Mr. MONRONEY. You do not have the statistics showing the amount of default of other Allies to Great Britain, have you?

Mr. BURGESS. It was a very similar amount. The amounts were very close. And, of course, Great Britain did not default until the depression hit her.

Mr. MONRONEY. But she did not default until the other Allies, which owed similar war debts to her, had defaulted in their payments, with which she was expecting to make payment to us?

Mr. BURGESS. That is true.

Mr. MONRONEY. I do not have those figures, but I am going to try to get them for the record, because I think they would be very important in considering whether Britain's failure to pay the last war debt was entirely her own fault and a willful act, or whether

it was the result of debts owed to her and which were not paid and which impaired her capital position to the point where she could not pay.

That is all I have.

The CHAIRMAN. Dr. Smith.

Mr. SMITH. Mr. Hemingway, you made the statement that unless the public debt was properly managed that the loan, you fear, would not help much. Is that a correct restatement of what you said?

Mr. HEMINGWAY. No; I think the question was asked me as to whether or not the production of goods would solve our problem, if the debt is not properly managed, and my answer was that mismanagement of the debt could upset the advantages we would gain by producing and exchanging goods.

Mr. SMITH. Do you mean the production of goods in general in this country?

Mr. HEMINGWAY. Well, the production of goods would be stimulated, of course, by this loan. To what extent, remains to be seen. But there would be some stimulation of production of goods by the British loan.

Mr. SMITH. The question I want to ask you is this: Do you have hope that the debt will be properly managed?

Mr. HEMINGWAY. Well, I understood that Mr. Crawford was referring to our national debt and not the British debt.

Mr. SMITH. I am talking about the national debt. Are you hopeful that it will be properly managed?

Mr. HEMINGWAY. Yes; I am hopeful that it will be.

Mr. SMITH. Well, a rather strange thing confronts many of us here in Congress. Practically every group which asks for more money protests at the same time that we have to balance the Budget. They want somebody else to do the cutting. The saving has got to be made in some other quarter, and not by that of the particular group concerned. This is twice that the American Bankers Association has been before this committee in the last year or so advocating the expenditure of billions of dollars in the way of foreign advances, protesting at the same time that we must balance the Budget and get our financial house in order. That strikes some of us as being rather inconsistent. I thought the way to balance the Budget was to balance it.

Mr. HEMINGWAY. Well, I agree with you as to the importance of balancing the Budget. But we, in the banking business, often have to put money up to help a borrower who is in difficulties. It is to our advantage to advance more money sometimes in order to make good what we have already put up. In the world today we are trying to bring about peace, and prosperity, and it seems to us that by making an advance to Britain, we would be working in that direction, and, as I recall it, the figures which have been prepared by the Government officials showed that the British loan would not interfere with the balancing of the Budget in 1946-47.

Mr. SMITH. What about after 1946-47?

Mr. HEMINGWAY. Well, the loan would be then made so it would not be a continuing advance.

Mr. SMITH. Mr. Hemingway, I have studied the Budget programs for the coming year, and I do not see a sign in the heavens, or anywhere else, that the Budget is going to be balanced or nearly balanced.

Mr. BURGESS. Dr. Smith, may I just, for the record, remind the committee of one point? You suggested that the bankers association had, last year, advocated an expenditure and now is doing so again. May I remind you that, with respect to Bretton Woods, we advocated cutting the amount to be spent in half. That is, we advocated the bank but not the fund, and we also advocated certain amendments which we thought, if you went ahead with the fund, would restrict its lending and keep it down to the minimum amount. So we were on the economy side there, and certain of those amendments the

committee did adopt, and I think they are very helpful and will lead to a smaller disbursement of funds in international lending and to a more careful one than otherwise might have been the case. So we are not just favoring spending. I am sure you will agree with that.

Mr. SMITH. Of course, Mr. Burgess, we all appreciate the position you took in that respect, but it does not change the fact that you did finally come out in support of the whole program, and that you are here again advocating further extraordinary expenditures. Those things, of course, perturb those of us who feel that Federal finances are in a very serious condition. You have been speaking about the Socialist government of Great Britain having determined to take over some of the basic industries. Is there any point at which a government, once it has adopted the principle of socialism, can stop?

Mr. HEMINGWAY. I do not believe I got your question, Dr. Smith.

Mr. SMITH. Is there any point at which the Socialist government of Great Britain can stop in the socializing or nationalizing of its industries and enterprises?

Mr. HEMINGWAY. I suppose that is a matter of opinion. When I was in England last summer talking with the men over there, they, many of them, assured me that the British Government would go very slowly in its program of socialization, that it would take one industry at a time, and that it would not attempt to take all industries, but that they would take only those which affected most vitally the public welfare, and that if they found that the taking over and nationalizing of an industry was not successful, that they would hesitate before they would go to another one. Now, that is purely a matter of opinion, as I see it, as to what they will do.

Mr. SMITH. You are speaking from information which you derived from the men now in control of the Government; that is, the Socialist group? Are they the ones who have told you that?

Mr. HEMINGWAY. No; these were men of my acquaintance in business life there in England, not the Government officials. It is not authentic at all.

Mr. SMITH. One of the men who was responsible for instituting the Socialist government in Great Britain is Harold Laski. Does Harold Laski believe in any half-way Socialistic measures?

Mr. HEMINGWAY. Well, I do not think Harold Laski should be regarded as the British Government. He is a college professor over there who holds a position in the Labor Party, but I think it has been pretty well stated that he does not speak for the Government.

Mr. SMITH. Does he speak for the party that made possible the Socialist government?

Mr. HEMINGWAY. I imagine the Labor Party is pretty well divided, like the Republicans and Democrats here. They have Left Wingers and Right Wingers.

Mr. SMITH. Which also brings up a very important point, Mr. Hemingway. How far have we traveled on the way toward statism?

Mr. HEMINGWAY. Well, far enough, I think.

Mr. SMITH. The movement of the British Government since World War I has been in the direction of statism, continuously, has it not?

Mr. HEMINGWAY. I would not say continuously, but the movement has certainly been toward socialization; yes.

Mr. SMITH. The Bank of England is socialized?

Mr. HEMINGWAY. Yes.

Mr. SMITH. In other words, the Socialists have control of the money supply of the nation?

Mr. HEMINGWAY. They have.

Mr. SMITH. What more do they need to completely socialize the industries and enterprises of Great Britain?

Mr. HEMINGWAY. Well, they have the power to do it today, I think, Doctor.

Mr. SMITH. So it is a question as to whether they will or will not use it. So far as history is concerned, I know of no instance where they did not stop until they had completed the cycle. If you do, I wish you would point it out to the committee, if you know of any instance in history where it has occurred otherwise.

Mr. HEMINGWAY. I cannot predict it. I do not know what they are going to do.

Mr. SMITH. I am talking about history now.

Mr. BURGESS. I would like to cite a case. Ramsay MacDonald was a Socialist and Labor man before he came to the Government, and his government made a few changes, and then they settled down and behaved very conservatively. Of course, Lord George introduced a great many reforms which we do not call socialistic now, but at the time they did, and they settled down and digested those, and then went along rather conservatively.

Now, these fellows who are running the show in England now, a great many of them, have had a great deal of experience in government, and there is a good deal of common sense observable. The Bank of England socialization, for example, they call it socialized and yet the same people are running the bank under the same principles under which it was run before, so it is a little hard to get worried about the policies of the Bank of England.

Mr. SMITH. Of course, the Bank of England did not have to go very far to become socialized.

Mr. BURGESS. They were socialized already, Doctor.

Mr. SMITH. Just as the Federal Reserve Banking System is already and always has been socialized?

Mr. BURGESS. Exactly.

Mr. SMITH. Yes.

Mr. HEMINGWAY. Dr. Smith, I would like to say that the point you brought out was pretty thoroughly discussed by our committee, and we recognized the problem there, and the trend of conditions and affairs in England, but the final conclusion of our committee was that by making this loan and helping England to stabilize its economy we might be able to help the conservatives and those who are opposed to socialism in England to stop it. In other words, it was our feeling that socialism thrives in an atmosphere of economic disorder and dissatisfaction. If England could again become prosperous, that socialism would gradually slip away. That was the view of our committee. It may be right or may be wrong, of course.

Mr. SMITH. I appreciate that position, Mr. Hemingway, and largely share your viewpoint, but there are some other factors that enter into it. One is that we give this money, not to the conservative group, but we give it to the communistic group.

Mr. HEMINGWAY. Well, the money goes for the well-being of the entire community. In other words, the Socialists do not need the dollars to help carry out their program of socialism. That could be done with the pound sterling in England.

Mr. SMITH. Because they just simply confiscate everything. In the long run, it is confiscation.

Mr. HEMINGWAY. They take over the property and give Government bonds for it.

Mr. SMITH. They take over and give them a promise to pay. But if they take over everything, there is nothing to pay with. First, we abstract it from our own productive industry, do we not?

Mr. HEMINGWAY. Well, by taxes, later, yes.

Mr. SMITH. And we do it by force. And then the Socialists take that money, and I can imagine they will say, "Now, here, we have got to look after the welfare of everybody, even the conservatives. So we will spend this money now or allocate this money



in such a way that we will not benefit ourselves one bit more than we will benefit the conservatives." Do you suppose that is the attitude they are going to take in handling this money?

Mr. HEMINGWAY. I have not quite that much faith in human nature.

Mr. SMITH. That is one of the great troubles. Have you thought of this? That we have a power-hungry group in our own country which may be using this as a means to further acquire power to control our people?

Mr. HEMINGWAY. I had not thought of that, Doctor.

Mr. SMITH. Will you agree with this: That it does provide them additional power?

Mr. HEMINGWAY. I do not follow that; no, sir.

Mr. SMITH. Well, if they have the power to take \$3,750,000,000 by force out of our productive-enterprise system, that is additional power, and if they are given the authority to lend that to a Socialist government, that is power. And if the Socialist government, in turn, deals with use on a state-wide basis, rather than as private individuals, do we not deal with them on the same basis?

Mr. HEMINGWAY. Well, I do not know.

Mr. SMITH. How can we deal with them except by ourselves engaging in the same sort of procedures like they engage in? Socialists are not going to deal with private individuals in this country. They are going to deal with the United States as a nation or with our Government.

Mr. HEMINGWAY. I do not know that that follows. It may, but we hope it will not.

Mr. SMITH. Well, they have instituted bulk buying.

Mr. HEMINGWAY. Our private cotton merchants are selling to the cotton commission in England.

Mr. SMITH. That is true, but you know Stalin, after all, had to have, ultimately, even in his set-up, people who worked for themselves. They had to do some work for themselves or they could not exist.

Mr. HEMINGWAY. Well, it would be very regrettable if what you suggest came about, I think, in this country.

Mr. SMITH. Well, are we not talking about those very things now? The Government issued an order not so very long ago to buy up wheat in the country. Is not the Government telling the farmers what to raise and what to sell their products for, and so on?

Mr. HEMINGWAY. Well, I have a little farm. They have not told me what to raise yet.

Mr. SMITH. You say they have not?

Mr. HEMINGWAY. Not that I know of. I have not had any notice yet.

Mr. SMITH. Well, maybe you are not in the AAA program.

Mr. HEMINGWAY. I am not.

Mr. SMITH. But they do, after all, tell you how much wheat you can raise?

Mr. HEMINGWAY. They have not told me.

Mr. SMITH. Did you raise any wheat?

Mr. HEMINGWAY. No.

Mr. SMITH. Well, they told me after I had mine planted, and about the time I was ready to harvest it, and they put a fine on me of 49 cents a bushel, and that fine is still hanging over my head. So we have gone pretty far in the direction of statism ourselves, and I would like to see something done to help England, because I have the feeling you men have, and that most people in this country have, that we would hate to see her go down. But I just fear that England is going to go down now no matter what you do, and I think that to give these Socialists more money would just sink her all the faster.

The CHAIRMAN. Mr. Riley.

Mr. RILEY. Mr. Hemingway, is it your thought that England will go down faster or turn to socialism faster if they do not have aid from the democracies, such as our country?

Mr. HEMINGWAY. I think they would be inclined to go more to the left, more socialistic, if they do not have the aid than if they do.

Mr. RILEY. If we should refuse this aid, they would have to turn somewhere, and the only way they could turn would be to the left; is that not true?

Mr. HEMINGWAY. The only way they could turn would be where?

Mr. RILEY. I say if we should refuse this aid, the only course they would have would be to turn to the left?

Mr. HEMINGWAY. I think so. I think they would be forced to expand their sterling area, and to adopt all kinds of bilateral agreements with other countries in order for them to exist and to carry on.

Mr. RILEY. Thank you, sir.

That is all, Mr. Chairman.

The CHAIRMAN. Dr. TALLE.

Mr. TALLE. Mr. Hemingway, in your concluding paragraph, you speak of partners. Does this proposed partnership carry with it the idea of unlimited liability?

Mr. HEMINGWAY. No; it is not that kind of a partnership.

Mr. TALLE. What I was getting at is whether this is the first installment and whether there are more to follow.

Mr. HEMINGWAY. I do not think there are any more to follow. I see no reason why there should be any more to follow. In talking with people in England, I found a number of them who, I think, are well-informed men, who doubted that they would need all of this money. They thought they could accomplish what they need to without using all of it. I think that is a matter that people naturally disagree about and time only will tell who will be right. But it would seem to me that with this advance, and with the Canadian loan, and with the assistance they may get from the Bretton Woods Bank and Fund, that they certainly should be able to put themselves in good condition.

Mr. TALLE. Do you recall that this same point was raised in connection with the Bretton Woods hearings?

Mr. HEMINGWAY. Yes, I do; and if you will recall, the representatives of the American Bankers Association, Mr. Burgess, myself, and Mr. Frazer urged that the British situation be stabilized first before the Bretton Woods idea was put into execution.

Mr. TALLE. I remember that very distinctly, and that is why I would like to ask now if the American Bankers Association had in mind this plan as a first step; that is, in advance of Bretton Woods.

Mr. HEMINGWAY. We had some such plan as this. I do not know that we had this particular plan, but we felt that a program of this kind should be adopted. And we thought it advisable to have conversations with the British to determine what was best for them under the circumstances.

Mr. TALLE. Dr. Burgess, in your concluding paragraph you mention that this should be a first step. Did you have that same point in mind, the point I just raised?

Mr. BURGESS. Very much; and, Mr. TALLE, there was a report which was gotten out by the economic policy commission of the American Bankers Association back in 1943—September—with which I had a good deal to do in preparing, which made almost exactly that statement, that aid to Britain would be one of the steps necessary in any program of world reconstruction.

Mr. TALLE. Now, the Bretton Woods plan is a partnership on a much larger scale?

Mr. BURGESS. Yes.

Mr. TALLE. That aspect appealed to me because I felt that a borrower would probably have a higher regard for the goodwill of many creditors rather than a single one. There are other questions I would like to ask, but your time is short and I shall limit myself to one more: Are you prepared to state now, or would you prefer to state in a letter later,

the list of steps you think should be taken, because you suggest at the close of your statement that this is one step and that there are other steps?

Mr. BURGESS. I would be glad to write you a letter on that, Mr. TALLE. Mr. Hemingway and I could work it up. I think the steps are practically the same as we advocated in that 1943 report with respect to trade, and so on.

Mr. TALLE. If you have time to write me a letter, I shall appreciate it, and I shall not take any more of your time. Thank you.

The CHAIRMAN. Mr. Brumbaugh.

Mr. BRUMBAUGH. Mr. Hemingway and Mr. Burgess, you gentlemen are both bankers, very good bankers. Any good banker tries to work a bad loan off onto somebody else. I am wondering if this is not a form of socialism in itself, trying to pass this loan to the Government. When I came here I told them I would try to manage the affairs of the Government to the extent that I played in the management, just as I would manage my own affairs. And I cannot see that the Government could be justified in taking a loan that the bankers admit is a bad risk.

Mr. HEMINGWAY. Well, I think we brought out in our statement, or at least we tried to bring out, that if these were normal times we would have a different view of it. But with the world coming out of this terrible conflict which lasted for 6 years, with things literally shot to pieces in so many parts of the world, it is advantageous from our own selfish standpoint to help get these people back on their feet and doing business again. That is really the gist of our argument.

Mr. BRUMBAUGH. I am told that immediately on the passage of this loan that the veterans' groups are going to ask for a bonus of \$5,000,000,000. I saw a list of 60 Congressmen who had already endorsed that if the loan goes through. Will that not bring about a terrific inflationary trend?

Mr. HEMINGWAY. A bonus for whom?

Mr. BRUMBAUGH. Of \$5,000,000,000 for the soldiers.

Mr. HEMINGWAY. Well, of course, all of those large transactions are inflationary in their nature. This is inflationary, too, to an extent.

Mr. BRUMBAUGH. Well, you advocate the balancing of the budget. How are we ever going to balance the budget if we continue to make these loans which we admit are bad loans, and then are faced by demands from veterans' groups and everybody else, on the ground that if we can give it to foreign countries, we can also give it to them?

Mr. HEMINGWAY. I do not think that we feel it is a bad loan. We feel that the risk is there, which commercial banks could not afford to take, being trustees of the people's money. But it is quite conceivable that if the world is restored to some sort of order, such as we had prior to 1914, that England could pay this debt.

Mr. BRUMBAUGH. They did not pay the debt the last time, did they, after the last war? Even after balancing the budget. They did not even pay the interest on it.

Mr. HEMINGWAY. They paid the interest for a while, you know, but then they could not transfer the funds, and could not transfer the goods.

Mr. BRUMBAUGH. Let me ask you just one more question. In case we do grant this loan and Russia asks for a loan, what is going to be the position you take on that?

Mr. HEMINGWAY. We have not discussed that at all. I am not prepared to answer that.

Mr. BRUMBAUGH. What position will it place us in up here?

Mr. HEMINGWAY. Well, I think you have to treat it entirely on its merits.

Mr. BRUMBAUGH. On the same merits on which we are treating this?

Mr. HEMINGWAY. You would have to consider all the things that enter into the consideration of the loan.

Mr. BRUMBAUGH. If we were to turn it down, would not this be sowing seeds for the next world war, by making this loan and not granting that one?

Mr. HEMINGWAY. I do not know why it should be.

Mr. BRUMBAUGH. It certainly would be discriminatory.

Mr. HEMINGWAY. Well, a banker does not have to lend to everybody. He lends to those that he thinks are desirable borrowers.

Mr. BRUMBAUGH. Does that affect nations in the same way?

Mr. HEMINGWAY. I can see there is some difference between a nation and a bank; yes. But, as I say, we have had no discussion of the Russian loan, so we are not prepared to answer any questions on that point.

Mr. BRUMBAUGH. That is all, Mr. Chairman.

The CHAIRMAN. Mr. KILBURN.

Mr. KILBURN. Mr. Burgess, I was told—and I would like to get this in the record—that some of the big New York banks, and the international bankers, would benefit from this loan because they would be paid some obligations from England that are now owed. I had never heard of that before. I would like to have your comments.

Mr. BURGESS. I know of no such obligations that would be affected by this loan.

Mr. KILBURN. Does the British Government owe the banks in New York any money?

Mr. BURGESS. Nothing that I know of. There would be, under the British rules of exchange controls, no movement of capital as a result of this loan. The British commitment is that they would free current transactions—that is, if a man sold automobiles to England he could get paid in dollars after this loan goes into effect. It opens that up. But there is no commitment on the part of the British that they would transfer capital to this country, and no payment of loans. I do not know of any obligations that are outstanding, anyway.

Mr. KILBURN. So that, in your opinion, there are no so-called international bankers, private bankers, who would benefit from this loan?

Mr. BURGESS. Certainly not directly. Their benefit, I think, would be identical with the benefit of other people in the country who would benefit from a general increase in world trade, a general increase in production, and a little lift to the extent that it does give a lift to our economy.

Mr. KILBURN. No existing obligations would be paid with this loan?

Mr. BURGESS. That is right.

Mr. KILBURN. One other question. When Mr. Baruch appeared before our committee—and I believe since then—I got the impression from him that we should not make this loan after we had gotten into full production in this country. I would like to have either of you gentlemen comment on that.

Mr. BURGESS. I do not remember that specific statement of his.

Mr. KILBURN. Well, I think I stated it correctly.

Mr. BURGESS. But there is no reason we cannot be in full production in this country within a year if different groups in the country will let us, without being too specific. We are now producing, even in spite of the difficulties there have been, at a very substantial rate. The production has dropped very much less than was anticipated by a great many prognosticators. Employment is very much better. Our productive capacity, which could be very great in a very few months, is adequate to take care of the goods that Britain would purchase under the loan.

Mr. KILBURN. Am I not stating his position correctly, Mr. Crawford?

Mr. CRAWFORD. I think Mr. Baruch emphasized the point that to extend dollar credit at

this time, placing it in the hands of foreign countries, England, for instance, thereby enabling England to throw dollars back to us in payment of goods and services, would further increase the inflationary pressures in this country by reason of the scarcity of goods and services at the moment, and I think that is the point you were bringing out, Mr. KILBURN.

Let me say this: I submitted that question to the Secretary of the Treasury, Mr. Fred Vinson, and asked him what he proposed to do about it, and called his attention to the categorical statement of Mr. Baruch, and the Secretary of the Treasury proposed, in answer, that we institute a plan of export and import licenses, and I replied to the effect that that constituted more controls, more barriers to international trade. In other words, we have the situation where we propose to institute barriers to international trade in order to make the British loan work in this particular hour of shortages of goods and shortages of services, as related to the demand here in the United States by reason of the excess money our people have.

Mr. KILBURN. I will not take any more time, but I was very much impressed by Mr. Baruch's testimony here.

Mr. BURGESS. One always is.

Mr. KILBURN. And I value his opinions.

Mr. BURGESS. So do I.

Mr. KILBURN. If he later makes a statement about this loan, and you see it in the press, I would greatly appreciate a letter from you commenting on it.

Mr. BURGESS. Very well.

Mr. KILBURN. Either one of you.

That is all, Mr. Chairman.

The CHAIRMAN. Mr. BUFFETT.

Mr. BUFFETT. Mr. Hemingway, in your statement you say that the making of this loan should not preclude a program of economy, reduced Government expenditures, and balanced budgets. If you were a member of this committee, and you were convinced that the making of this loan would preclude reaching solvency in this country, would you vote for it?

Mr. HEMINGWAY. Certainly not.

Mr. BUFFETT. That is the very real problem that is before us. I want to read to you a question to me from a chairman of a veteran's group. He says:

"If this administration can give Britain \$4,000,000,000, with this country \$270,000,000,000 in debt and an unbalanced budget for 16 years, where can you stop these hand-outs, especially to us veterans, short of bankruptcy?"

Frankly, I do not know how to answer that question. I know that there are Members of Congress who have cold chills run up and down their backs when any veteran's matter is discussed. I have seen that operate. I know that when we had a proposal here a few weeks ago for vast outlays for subsidies in connection with housing, I got a wire from one veterans' group, for example, saying, "Vote for veteran's housing or find yourself a fox hole." And that was the general tenor of much of the pressure that came to the Members of Congress. In my case I had voted against the housing measure on the final roll call and voted against subsidies all the way, but there was a decided reversal of vote—I will not say of belief—but of vote in the House, after that campaign took place. Now, I can see the day when this loan is passed, and I think you can, too, if you cogitate on it for a moment, when there will be a movement in Congress to reduce all loans to veterans to the same rate that is proposed to be charged here, and I do not think there is any political party or group with the fortitude necessary to stand up and say, "No, we could give Johnny Bull \$4,000,000,000 when he needed it—" and I think they do need it, there is no question about that—"but we cannot give you vet-

erans a deal equal to that we gave England." I wonder if you have thought about that aspect of this situation, gentlemen.

Mr. HEMINGWAY. Well, we realize that you have problems coming before this committee and before Congress, but we certainly would not attempt to undertake to solve all of them for you. We simply express an opinion on what we regard as the merits of this loan.

Mr. BUFFETT. The point I am trying to make is that in my judgment, as a Member of Congress, the making of this loan, at this time, would remove the last sizable barrier to the hog-trough philosophy which has pretty largely dominated this country in domestic finances for some years. As a matter of fact, on this loan itself the appeal is made to a number of Members: "Vote for this loan because we will sell cotton, tobacco, and certain other articles that way." I think that appeal is improperly made, but if it is made to Members of Congress in that fashion, certainly it is true that a similar appeal is going to be made to veterans to advance the political ambitions of leaders among them; is that not true?

Mr. HEMINGWAY. I think that is quite possible, yes.

Mr. BUFFETT. Do you not think it is possible that the situation in which we find ourselves today, with this domestic unrest, is an outgrowth, in part at least, of the blind protest of the people against the unsound economic practices of their Government?

Mr. HEMINGWAY. I do not know that I quite follow your question there. I do not know that I understand to what you refer.

Mr. BUFFETT. For example, the number of strike notices downtown at the moment, I think, is the highest on record, about 800. I get letters from my constituents all across the board—I mean from the chamber of commerce directors right on down to the railroad switchmen, who say, "If you are going to vote this loan to England, why, do not expect me to buy any more bonds"; or, "Get ready to give me a pension in my old age," and views of that general import. Now, they cannot do anything about my voting when I am here, except to say what they would like to say. But if they and their groups are disturbed about this situation and they think the country is embarked on a program of wasteful spending, they can, in their lodge hall or wherever they gather, say, "Well, boys, we will get ours." And I think that philosophy has permeated this country pretty generally.

Mr. HEMINGWAY. I am not in a position to know, of course; but it is my opinion that where you find one group feeling that way you will find another larger group feeling that it is advisable to make the loan.

Mr. BUFFETT. The polls placed in the CONGRESSIONAL RECORD from the highways and byways indicate pretty much the opposite. That is, one poll by one Congressman showed 81 percent of his people opposed to the loan and 19 percent for it; another one, 84 percent opposed; another one, 94 percent opposed. I think that when the Government moves against the willingness of the people to move in a certain direction it is a pretty dangerous thing.

Mr. HEMINGWAY. I only know about my own section. I come from the benighted Middle West, as you know.

Mr. BUFFETT. So do I.

Mr. HEMINGWAY. We probably have not the same wisdom that the people in the East have, but it is the impression there of newspaper men, who are pretty good observers, that public opinion there is in favor of the loan. All three of our papers are in favor of it and urging the ratification of these agreements.

Mr. BUFFETT. I think in certain circles also throughout the country there is general approval of the loan, but I do not think it runs down through the rank and file.



Mr. HEMINGWAY. Well, I do not know of that.

Mr. BUFFETT. Such as that newspaper condition might indicate. I have one more question, Mr. Burgess.

Do you know anything about the approximate time when these agreements were made by England with these various countries that comprised the sterling bloc? Did most of those take place in 1945?

Mr. BURGESS. The trade and monetary agreements that I believe you have in mind, such as those concluded with Scandinavian countries, Netherlands, and France, were concluded mainly in 1945, though there was an agreement with Belgium in 1944. There have also been some concluded in 1946.

Mr. BUFFETT. Those agreements and their workings constitute a form of economic warfare, do they not?

Mr. BURGESS. Well, I do not take him seriously in that regard. It seems to me they are not really inconsistent with doing this job. They are really a kind of a mutual aid thing, a clearing of funds between them. That is, in the Swedish arrangement, for instance, the Swedish Riksbank agrees to accept sterling up to a given amount and similarly the Bank of England will accept the Swedish currency up to a given amount, in connection with their trading back and forth. That seems to me about all there is to it. That is the substance of it. It facilitates the trade. You do not have to match off each trade against the other. It tends toward greater freedom of trade. So I do not think of those as inconsistent, either with Bretton Woods or with these agreements.

Mr. BUFFETT. You do not think they would work at cross purposes with Bretton Woods at all?

Mr. BURGESS. No; I think they would move in the same direction as Bretton Woods, really.

Mr. BUFFETT. It is my impression that Bretton Woods was signed in November of 1944, and then all these agreements which came after were liberal agreements whereas Bretton Woods contemplated multilateral agreements, and they worked, at least in some degree, in the opposite direction from Bretton Woods.

Mr. BURGESS. I would not really think there was any conflict there. They had to make these agreements to take care of their immediate situation, and they could continue without any conflict with Bretton Woods. In fact, it rather helps, because it tends to hold the currency between those different countries relatively stable.

Mr. BUFFETT. I am glad to have that point cleared up.

That is all, Mr. Chairman.

The CHAIRMAN. Mr. MONRONEY.

Mr. MONRONEY. Just in order to keep the record straight, what Mr. Baruch really did say in his testimony on page 1344 of the price control hearings, Mr. Baruch said: "Take stock before blindly lending. Take inventories of our goods, our cash, our credit, before we increase the pressure on these." And then his elaboration on that, on page 1348. He said: "I am not opposed to helping foreign nations, but until production warrants it, I am opposed to lending them money or assisting them except for direct needs to make purchases when they know they cannot be made here or elsewhere. At this time that would be to increase demand. It would be cruel to hold out hopes that will not be realized. I would keep the goods necessary to prevent inflation and then allocate the balance, as it comes to hand, where it would help the most." That is Mr. Baruch's statement. As I understand it, the greatest demand of Britain for products of this country is for capital goods, of which everyone in the Government who is familiar with it says we will have a surplus. In fact, they have taken price ceilings off most of them already. And the other demands that they are making, apparently from the Treasury and the State

Department, are for tobacco and cotton, of which we also have a vast exportable surplus. So I would think that in line with Mr. Baruch's testimony the British loan would be fairly consistent with his ideas to help foreign nations where they needed, and where we have that amount that can be safely exported without adding to our own current shortage.

Mr. CRAWFORD. But you have not read the cross examination I made of Mr. Baruch.

Mr. MONRONEY. I am reading his prepared statement to which he gave a great deal of thought and time.

Mr. CRAWFORD. I will stand on the record, as far as I am concerned, of the cross examination.

The CHAIRMAN. The whole record is in and speaks for itself. That concludes the testimony.

Mr. SMITH. Mr. Chairman, I would like to ask one more question, if I may.

The CHAIRMAN. Dr. Smith.

Mr. SMITH. Mr. Hemingway, you remarked to Mr. Brumbaugh that as trustees of the people's money, bankers could not make this loan. Did I understand you to say that?

Mr. HEMINGWAY. Yes.

Mr. SMITH. Members of Congress took an oath to protect and defend the trust placed in them, that trust being namely the preservation of the private ownership of property of the Nation. How can you come here and ask us to violate our trust?

Mr. HEMINGWAY. I would not think of asking you to violate your trust.

Mr. SMITH. Well, that is the trust that was placed in us. We are not supposed to expend the public's money, either, unless we have assurance that it is going to bring returns.

Mr. HEMINGWAY. I think if you made this as a gift, it might be justified, instead of making it as a loan. You gave money to UNRRA; you have made appropriations for other purposes, which you thought were for the good of the country. It seems to me this would be in the same direction and certainly not the violation of a trust.

Mr. SMITH. Suppose a Congressman has a deep and sincere feeling that it is a grave violation of a trust.

Mr. HEMINGWAY. Well, then, he should not vote for it, if he feels that way.

The CHAIRMAN. I thought the Member of Congress took an oath to protect and defend the Constitution of the United States. There is nothing unconstitutional about this.

Mr. SMITH. Mr. Chairman, the prime purpose of the Constitution of the United States was to preserve the right to privately own property.

The CHAIRMAN. That concludes the testimony gentlemen. We are very much obliged to you, Mr. Hemingway and Mr. Burgess. We are always glad to have your views.

Mr. GAMBLE. Mr. Chairman, I yield such time as he may desire to the gentleman from South Dakota [Mr. MUNDT].

Mr. MUNDT. Mr. Chairman, in my opinion this loan as presently written would set a dangerous precedent. I fear it is going to purchase more of war and discontent than it is of peace and prosperity.

#### THE BRITISH LOAN

This is the first time I have taken the floor to discuss the advisability or inadvisability, as I see it, of approving the so-called British loan, and it is the first time I have given any public indication of how I shall vote upon this perplexing and prodigious problem.

I have devoted long study and careful reading to this unprecedented proposal, Mr. Chairman, and I have drawn upon all the evidence and data which have been available to me before reaching my

decision. I have conferred with many people in and out of public life on this subject. As a member of the House Foreign Affairs Committee and one who has twice been designated to study economic and political conditions abroad so that reports could be brought back to Congress, I have also drawn generously upon my observation and studies in 20 foreign countries and from the continuing conversations and correspondence which I have had since with statesmen and leaders of other countries in order that I could learn as much as possible about their reactions to the proposal now before us. This is not an easy decision to make not only because it deals with astronomical figures and proposes to commit us to spend many billions of the American taxpayers' dollars abroad but because it is important we consider the repercussions of our decision from the standpoint of other matters besides those effects dealing solely with the impact upon our domestic economy of this great loan or gift.

We are today the most important Nation in a world which is steadily being more closely brought together into a working unit as a result of technological inventions. We are the Nation to which most of the world is looking for leadership and for wisdom in solving the problems which lead to war and in devising the methods which lead to enduring peace. No country in the world has ever faced a greater responsibility to be wise, to be prudent, to be impartial, to be forthright, and to be far-seeing than that which reposes upon the United States today. It is in this spirit and with these responsibilities in mind, Mr. Chairman, that I propose to discuss the question of whether we should at this time, and in the manner proposed in this legislation without amendment, extend to Great Britain an unsecured loan of \$3,750,000,000 in American dollars, plus an especially liberalized settlement of lend-lease balances which actually makes this proposal a \$4,400,000,000, one-way financial transaction.

In my discussion and analysis, however, I shall limit my argument and reasoning to the \$3,750,000,000 transaction in actual American dollars which it is proposed to grant to Great Britain. I shall include a reference index for busy readers with these remarks so that it may be easier to identify specific arguments. To complete the record for the benefit of those who have not seen the published hearings or heard any of the secret testimony, it is only fair and honest to point out publicly, however, that, large as it is, this \$3,750,000,000 cash and credit transaction is actually smaller than another donation of American wealth which we have made to Great Britain as part of the same agreement. Here is the record on that one.

At war's end, it was found that approximately six and a half billion dollars' worth of new supplies and equipment were either on the ocean en route to Great Britain or actually in that country. Much of this material was in the form of trucks, jeeps, farm machinery, automobiles, tractors, road-construction equipment, and other civilian products. What happened? As part of this agree-

ment the cost of this new and unused equipment was scaled down to approximately 10 cents on the dollar and the \$650,000,000 thus determined upon as the purchase price for this more than \$6,000,000,000 worth of equipment and supplies was added to the total figure of the loan we are presently considering. Thus the \$650,000,000 the British promised to pay for the new equipment, machinery, and supplies received after the end of the war and which carried an actual value of approximately six and a half billion dollars was added to the \$3,750,000,000 cash figure in the proposition now before us so that the total transfer of wealth from the American taxpayers to the British taxpayers in this one deal adds up to the grand figure of \$4,400,000,000.

All of this in no way and in no degree includes or involves the \$24,000,000,000 in net lend-lease Britain owes us in addition after all credits for reverse lend-lease have been figured. Since \$1,000,000,000 today amounts to almost precisely \$8 per man, woman, and child for every person in the United States, it is easy to figure the cost of this campaign of international financing to every individual and to every family. Communities can determine their share by multiplying their total population by \$8 for each billion dollars involved.

But what I really wanted to point out and emphasize, Mr. Chairman, was the simple although almost secret fact that as part of this British loan proposal, President Truman has already agreed without consent or counsel by Congress to accept as full payment for \$6,500,000,000 of new and unused equipment which in large part was delivered to Britain after the end of the war the token payment of 10 cents on the dollar which means that in so doing we made an outright gift to Britain of over \$5,000,000,000—the figure is five billion dollars, mind you—or more than the additional amount now proposed in this loan. President Truman did this without asking consent of Congress. It was simply a Presidential gesture of good will at public expense. There is nothing we can do about that part of the agreement or about the additional \$24,000,000,000 owed us by Britain as her net obligation on lend-lease and which will undoubtedly be canceled or reduced to an insignificant token payment.

These facts which have been so skillfully played down by White House spokesmen that they are almost secret insofar as the general public is concerned do, however, cast additional doubt on the financial wisdom of the so-called loan we are now asked to approve and they do cause one to wonder how an additional \$3,750,000,000 will save the financial structure of the British Empire if the \$5,000,000,000 already given as a gift plus the \$24,000,000,000 lend-lease balance which it is generally conceded will be absorbed by the American taxpayer cannot do the job.

Mr. Chairman, it appears that financing foreign governments like atomic energy is a process of chain reactions. In my opinion, we better call a halt to this process while there is still a chance to save the solvency of the United States. Otherwise our growing and endless ac-

tivities in financing other governments and in shifting foreign taxes to the shoulders of American taxpayers may prove as disastrous to the financial structure of the United States as the chain reactions of the atom bomb were to the physical structures of the cities of Hiroshima and Nagasaki.

#### WHY I OPPOSE THE LOAN AS PROPOSED

Mr. Chairman, after many weeks and even months of consideration, I have decided that a vote against this gigantic loan as proposed will better serve the long-term interests of the United States, of Great Britain, and of enduring peace than would a vote to approve this proposal as it has been suggested. In saying this, I also wish to emphasize that it is conceivable that certain realistic and desirable amendments may be offered and accepted during this debate which would in my opinion make this proposed transaction desirable rather than undesirable. In that event, I shall of course vote for the proposal. Without those essential amendments, however, I have grown more and more convinced the longer I have studied the many-sided features of this loan that it is an adventure in dollar diplomacy and financial imperialism which this Congress should reject.

The President of the United States, his appointees in the State Department, and others who support this proposal base their arguments on either one or both of two general themes. In part, they argue that this vast loan will be to the financial advantage of the United States because it will stimulate trade with Britain, because it will provide Britain with funds with which to finance her compliance with the Bretton Woods agreements, and because Britain might agree—it is not stipulated that she must agree—to unfreeze certain blocked currencies she has been impounding in small countries tied to her monetary system. The other general line of argument advanced by supporters of this loan contends that it will help promote peace because it will strengthen the bond of friendship between Great Britain and the United States, because it will help Britain recover her prewar prosperity and political stability, and because it will better enable Britain to resist and withstand both the temptations and the pressures of communism and its world center, Russia.

In general, the arguments of the advocates of this legislation and this loan fall into one or the other of the two foregoing categories. All of them spell out noble objectives. All of them speak of desirable goals. All of them would be highly persuasive and appealing if their validity could be demonstrated.

Mr. Chairman, the confusion we confront in this decision grows out of the fact that even the supporters of this tremendous loan privately speak of it as though they consider it as a gift rather than a loan, and the further fact that even those who speak in favor of this loan admit that their arguments are based largely upon high hopes rather than upon conclusive evidence. I certainly am one of those who share the desire and hope of proponents of this legislation that all the noble objectives of which they speak may be attained.

I feel compelled, however, to believe that the specific proposal to pursue these objectives through authorizing this multi-billion-dollar loan to Britain without amendment will do more to obscure and defeat these objectives than it will to attain or realize them. Let us examine the proposal carefully and consider the reasons advanced for its adoption in relationship with the evidence and reasons which recommend its rejection.

#### THE FINANCIAL ARGUMENT IS FALLACIOUS

The arguments coming under the head of financial reasons for making this loan can be disposed of rather quickly, Mr. Chairman. In the initial paragraph of his opening speech on Monday Chairman SPENCE, of the Banking and Currency Committee, says with characteristic candor on page 8409 of the CONGRESSIONAL RECORD:

I do not recommend this as a financial investment.

Mr. SPENCE then proceeds to develop his argument to show America might get dividends of good will and other intangible benefits from this transaction, but he bluntly disposes of the idea that this country will reap any financial benefits from this loan.

In roundabout but meaningful language he leaves us with the distinct impression that we are considering what may well prove to be a \$3,750,000,000 gift to Great Britain rather than a \$3,750,000,000 loan. Many other Members of Congress, both on this side of the Capitol and the other and including both those who support and oppose this loan, have been equally candid and conscientious in freely predicting that this should be considered as a gift rather than as a loan. The American public is entitled to be told now that this loan may never be repaid. If it is then repaid in part or in full, we shall have reason to be gratified, but if there is failure to repay it in large part we shall have obviated the reason for rancor. Thus I am glad the man in charge of this bill in the House has said clearly and curtly, "I do not recommend this as a financial transaction."

Mr. Chairman, trade is an economic phenomenon which follows a well-defined course. Nations trade with each other when they require or desire products or processes which they cannot secure at home or which they can purchase more economically abroad than they can secure them at home. They do not buy foreign supplies because they like foreign people, or ideologies, or governments. They buy foreign supplies to supplement an economy which would be deficient without them. The second rule in foreign trade is that nations trade with those other nations which can or will trade with them. Either that or they arrange a triangular economic relationship so that by utilizing one or more third-party nations they can export the equivalent of what they import. No matter how keen her desire to do so and no matter how thankful she might be for either a loan or a gift of \$4,000,000,000, Great Britain could not and will not trade with us unless and beyond our capacity and willingness to accept her



exports in return for our exports. Unless we import from abroad, our capacity to sell exports must be limited by the capacity of our customer nations to pay on the line in gold for what they buy.

Our rejection or approval of the proposed multibillion-dollar loan cannot change these simple axioms of foreign trade. From strictly a financial point of view, our contribution of another \$3,750,000,000 for the purposes of rehabilitating British industry may actually result in our having less rather than more foreign trade, since when we build up a competitor in foreign markets we reduce our own opportunity to sell in those markets.

#### HOW ABOUT BRETTON WOODS?

The argument that we must grant this money to Britain to induce her to fulfill her commitments on the Bretton Woods agreements leaves me as cold as a cucumber in a modern ice box, Mr. Chairman. I voted for the Bretton Woods program because I believe in international cooperation and I was hopeful—I might add I was more hopeful than confident—that through this program something might be done to stabilize the world's currencies and thus facilitate the world's trade. However, it was never contemplated at that time that in addition to our own multibillion-dollar contributions to the Bretton Woods agreement we would also have to finance Britain's entrance contribution. In fact, we were told exactly the contrary. In urging approval for Bretton Woods the gentleman from Michigan, Congressman JESSE WOLCOTT, one of the sponsors of the program, said in the debate which appears on page 5569 of the CONGRESSIONAL RECORD for June 5, 1945:

Let us take this thought home and think about it: If we participate in this fund, if we participate in the International Bank, if we increase the capital of the Export-Import Bank of Washington to \$2,200,000,000, there will be no justification for the Treasury directly loaning to any foreign country one single dollar.

#### OUR "EXPERTS" HAVE BEEN GUESSING BADLY

Well, Mr. Chairman, we did all those things, we engaged in all of those hopeful participations, we committed ourselves to contribute many billions of dollars to attain identically the same objectives through Bretton Woods as are now dangled before our eyes as an attraction to get us to vote for the British loan, and we increased the capital of the Export-Import Bank of Washington as was suggested.

Now what happens? Now we are asked to loan to the other substantial contributors to the Bretton Woods program the money with which they are to make their share of the capital payments. In other words this loan is designed in part to make Uncle Sam the sole large contributor to the Bretton Woods program. If the strategy succeeds, the next financial headache coming to us from abroad will be our responsibility for making good on any and all defalcations among nations failing to repay their loan to the International Bank set up under the Bretton Woods agreement. In spite of this, the same committee members, the same executive departmental people, the same State Depart-

ment experts, the same proponents of "good will at bargain prices with Uncle Sam's money" are here again this time asking us to advance \$3,750,000,000—this time to Britain. Next time it will be to Russia, or to Holland, or China, or Timbuktu.

Already it is estimated foreign governments have filed or are preparing to file requests for loans totaling about \$17,000,000,000. And all this, Mr. Chairman, in spite of the solemn statement of one of the chief advocates of the Bretton Woods plan for creating better world trade and more peaceful world relations when he said, "If we do this, there will be no justification for the Treasury directly loaning to any foreign country one single dollar." If he was right when he said that, he is wrong today; if he is right today, he was wrong when he argued for Bretton Woods.

Additional evidence of the manner in which these prophets of international finance specialize in making bad guesses is found on page 237 of the Bretton Woods hearings which reports the following testimony from our Acting Secretary of State, Dean Acheson. The gentleman from Michigan [Mr. WOLCOTT] said:

If we are going to make loans of twenty or thirty billion dollars outside of the International Bank at this stage, that anticipates the argument as to whether the International Bank could be set up. May I clear up one thing? You say there are no loans or no agreements in process of negotiation or contemplated with Russia, Great Britain, or China?

Mr. Acheson:

I have not said that, but I will be glad to say it.

Thus, Mr. Chairman, Mr. Acheson proved himself 100 percent wrong on 100 percent of the countries referred to as Russia, Great Britain, and China are all requesting direct loans from the United States even though the Bretton Woods agreements were enacted by Congress with the distinct understanding the International Bank they created would prevent this direct approach in asking our taxpayers to finance additional foreign loans.

I think in all events we should pause for awhile in our wild financial adventure and determine where we are going, what we are buying, and what we are going to use for money to pay for these thrilling experiments. It is no wonder the gentleman from Kentucky, Chairman SPENCE, told us on Monday, "I do not recommend this as a financial investment." The record of bad guessing and poor predictions on the part of this bill's major supporters is too consistently wrong up to date to make us believe they are guessing better now when they recommend approval of the British loan.

Mr. Chairman, the argument about unfreezing the so-called blocked currencies is no more impressive or convincing as indicating a financial justification for this loan than the two I have already discussed. In fact it is less convincing since in this agreement the British do not even promise to unfreeze their gigantic sterling balances. Both the size of these accounts and the strategic and economic position held by

the larger creditors eliminate the hope that this loan will solve that problem. Britain built these currency blocks to protect her Empire interests and to safeguard her economy. They are far in excess of the amount of this loan. Britain cannot and should not be expected to wreck her Empire economy and disrupt her entire monetary system as a quid pro quo for this loan. Whether the advocates of this loan expect such a suicidal concession or not, she will not do it and she has not promised to do it. In fact the opponents of this British loan proposal in Britain—and there are many in London who openly oppose the whole proposal—have already served notice that the problem of blocked currencies cannot be liquidated by this loan. If that problem is to be solved, and I hope it is solved, it will require multilateral rather than bilateral treatment. It must be solved through international cooperation within the framework of the United Nations or the Bretton Woods program. It cannot be solved by either loaning or giving another \$3,750,000,000 to Great Britain by this legislation.

Sir, let me quote a high authority in support of the foregoing argument. In my studies on this question, I came across the following candid admission by Raymond Moley, a friend of this administration and an economist who is supporting the British loan proposal. However, Mr. Moley desires to protect his reputation for integrity so he writes frankly as follows:

Some of the supporters of the loan have misrepresented its plain implications. It offers no great specific promise of more free trade. It does not remove British preference duties, except insofar as we reduce our own duties. The total of the loan is not, as some claim, sufficient to free British trade. Frozen balances in London are several times as much as the loan.

Mr. Chairman, the gentleman from Kentucky, BRENT SPENCE, is eternally right when he says, "I do not recommend this as a financial investment."

Even though prospects of repayment are dubious and even though its other financial attributes appear to be futile, I am one who has a high enough regard for the gallant British, their free institutions, their great contributions in the war, and their importance as a world power so that I would still vote for this gift loan were the United States financially in a position to afford it and were it not for the fact that I fear the international repercussions from such a proposal will purchase more of strife and discontent than they will buy of peace and tranquillity.

Billion dollar expenditures are so large most of us are unable to grasp their significance in terms of our own financial obligations and responsibilities. For that reason, I have had the Library of Congress help me in preparing the following chart which shows precisely what this \$3,750,000,000 means to the individual counties and their county seats in the First Congressional District of South Dakota. There is no way these counties and their county seats can escape underwriting their respective share of this transaction if it is made. For comparative pur-

poses I have also had the chart prepared to show the present net indebtedness of each county and county seat so that taxpayers can better judge for themselves whether they would like to obligate their communities as much as is additionally required to finance this deal should it develop that this loan like the many loans made after the last war proves to be uncollectible.

Mr. Chairman, the following chart tell its own story. It spells out the possi-

ble cost for the First District of South Dakota, but by multiplying the per capita share of this financial adventure—\$28—by the population of your own home town or county, each Member of Congress and each reader of the CONGRESSIONAL RECORD can determine for himself the local costs involved. We should all remember that the United States Government has only the money to loan that it gets from its taxpayers. It cannot produce loaning money or give-away money from

a magic hat or a mystic box. Except in areas where there are great slums, or where underprivileged classes are numerous, such as the colored people in certain sections of the South, each community must prepare to pay its per capita share of this cost as well as its per capita share of all the rest of our national debt. The sooner we begin individualizing and community-spotting our great national debt the sooner we shall begin practicing economy both at home and abroad.

*Chart utilizing figures supplied by the Library of Congress to show per capita share of British loan to be underwritten by counties and county seats of First Congressional District in South Dakota and also to show present net indebtedness of the communities before obligation for British loan is added*

	Population, 1940 census	Cost of British loan	Net indebt- edness, Jan. 1, 1944	County taxes levied in 1944	County seat	Population	Net indebt- edness, Jan. 1, 1944	Cost of British loan
Aurora.....	5,387	\$150,836	\$124,462	\$70,412	Plankinton.....	694	(1)	\$19,432
Beadle.....	19,648	550,144	572,000	149,678	Huron.....	10,843	\$180,623	303,604
Bon Homme.....	10,241	286,748	110,000	122,245	Tyndall.....	1,289	111,674	36,092
Brookings.....	16,560	463,680		71,003	Brookings.....	5,346		149,688
Brown.....	29,676	830,928	309,105	247,812	Aberdeen.....	17,015	626,206	476,420
Brule.....	6,195	173,460	227,236	67,020	Chamberlain.....	1,626		45,528
Buffalo.....	1,853	51,884	30,829	14,371	Gann Valley.....	175		4,900
Campbell.....	5,033	140,924	217,000	55,375	Mound City.....	195		5,460
Charles Mix.....	13,449	376,572	233,358	123,472	Lake Andes.....	785	11,602	21,980
Clark.....	8,955	250,740	237,372	89,940	Clark.....	1,291	4,640	36,148
Clay.....	9,592	268,576		72,086	Vermillion.....	3,324		93,072
Codington.....	17,014	476,392	235,227	173,391	Watertown.....	10,617	354,155	297,276
Davison.....	15,336	429,408	105,471	146,008	Mitchell.....	10,633	319,982	297,724
Day.....	13,565	379,820		137,806	Webster.....	2,173	34,000	60,844
Deuel.....	8,450	236,600	57,145	47,502	Clear Lake.....	967		27,916
Douglas.....	6,348	177,744	75,209	70,053	Armour.....	1,013	16,940	28,364
Edmunds.....	7,814	218,792		92,391	Ipswich.....	1,002		28,056
Faulk.....	5,168	144,704	191,820	77,145	Faulkton.....	747		20,916
Grant.....	10,552	295,456	50,154	90,933	Millbank.....	2,745	42,984	76,860
Hamlin.....	7,562	211,736	132,802	61,647	Hayti.....	370		10,360
Hand.....	7,166	200,648	230,308	107,231	Miller.....	1,460	8,977	40,880
Hanson.....	5,400	151,200	132,127	75,562	Alexandria.....	746	7,005	20,888
Hughes.....	6,624	185,472	58,101	67,711	Pierre.....	4,322	21,145	121,016
Hutchinson.....	12,668	354,704	94,000	139,318	Olivet.....	242		6,776
Hyde.....	3,113	87,164	207,178	43,057	Highmore.....	1,136		31,808
Jerauld.....	4,752	133,056	151,158	54,682	Wessington Springs.....	1,352	56,700	37,856
Kingsbury.....	10,831	303,268	74,040	85,126	De Smet.....	1,016	11,867	28,448
Lake.....	12,412	347,536		68,729	Madison.....	5,018	95,032	140,504
Lincoln.....	13,171	368,788	2,200	136,771	Canton.....	2,518	32,000	70,504
McCook.....	9,793	274,204		89,027	Salem.....	1,185	26,178	33,180
McPherson.....	8,353	233,884	35,689	68,569	Leola.....	795	27,000	22,260
Marshall.....	8,880	248,640	150,084	103,413	Britton.....	1,500	7,400	42,000
Miner.....	6,836	191,408	62,000	49,830	Howard.....	1,193	14,440	33,404
Minnehaha.....	57,697	1,615,516		330,766	Sioux Falls.....	40,832	850,970	1,143,296
Moody.....	9,341	261,548		91,399	Flandreau.....	2,212	35,459	61,936
Potter.....	4,614	129,192	134,022	48,588	Gettysburg.....	1,324	22,798	37,072
Roberts.....	15,887	444,836	281,514	167,394	Sisseton.....	2,513	29,677	70,364
Sanborn.....	5,754	161,112		99,090	Woonsocket.....	1,050	22,000	29,400
Spink.....	12,527	350,756	63,165	180,521	Redfield.....	2,428	1,365	67,984
Sully.....	2,668	74,704	104,855	43,019	Onida.....		597	16,716
Turner.....	13,270	371,560		58,423	Parker.....	1,244		34,832
Union.....	11,675	326,900	16,135	129,781	Elk Point.....	1,483	35,600	41,524
Walworth.....	7,274	203,672	60,965	63,127	Selby.....	599	3,429	16,772
Yankton.....	16,725	468,300	13,220	126,485	Yankton.....	6,798	53,610	190,344
Total.....	485,829	13,603,212	4,780,414	4,409,869		156,443	3,105,488	4,380,304

<sup>1</sup>No bonded indebtedness or figures for such indebtedness are available.

Mr. Chairman, the figures on the foregoing chart are based only upon the \$3,750,000,000 involved in this one foreign grant and do not include the \$5,000,000,000 which President Truman has already given away as an outright gift, nor the \$24,000,000,000 remaining net lend-lease balance due us from Britain, nor the other stupendous net lend-lease balances due us from other countries, nor the many other requests now pending for additional foreign loans to still more countries, nor the \$275,000,000,000 national debt of the United States which is today outstanding before we loan a single additional dollar. Its revelations were as startling to me as I feel sure they will be to all who take time to study the chart. It convinces me that our National Government has already saddled upon our individual communities such a stupendous per capita debt burden and tax load that from now on we must curb our sympathies by our ability to pay and measure our good intentions by our American pocketbook or we shall

find ourselves the sorry citizens of a bankrupt country, riddled by inflation, weakened by loose fiscal policies, and without further capacity to exemplify the leadership in world affairs which only a strong nation can exert and which I feel we must exert if civilization is to be saved from self-destruction in these uncertain times.

Before leaving this chart, however, sir, I should point out that in practically every instance the costs of this British loan upon the cities and counties of South Dakota are so great that they alone represent the equivalent of adding a potential bonded indebtedness upon each city and county which is larger than all of their existing net indebtedness. When we consider the sacrifices our people have made to pay heavy taxes in order to reduce these debt burdens, we cannot lightly pass over the potential costs of this tremendous financial venture. They are sufficient, in fact, so that if used domestically they would be more than enough to construct and equip a large

modern hospital in every county in the United States. For South Dakota, alone, the per capita share of this \$3,750,000,000 transaction is over \$18,000,000.

#### LOAN IS A CAPITAL DRAFT FOR FOREIGN PURPOSES

During the war this Government refused to draft wealth at the time it was drafting men for overseas fighting. It seems strange, indeed, that now in days of peace we should draft wealth—since tax-financed loans, if they are unpaid, are the equivalent of a capital draft—to send overseas to help others when we did not in time of war draft wealth to send overseas in the form of armaments to help ourselves and our allies.

#### NOW LET US EXAMINE THE OTHER ARGUMENTS

Mr. Chairman, let us now look at the second general line of arguments advanced by the supporters of this legislation. I refer to the statements that this loan will help promote peace because it will strengthen the bond of friendship between Great Britain and the United



States, because it will help Britain recover her prewar prosperity and political stability, and because it will better enable Britain to resist and withstand both the temptations and the pressures of communism, and its world center, Russia. Surely these are appealing objectives and intriguing words; let us examine their logic and validity in the light of current conditions.

The bond of friendship existing between the United Kingdom and the United States of America which has been strengthened by our joint efforts in winning two great wars and which I desire to see steadily and successfully grow increasingly strong does not rest upon the fact that we loaned Britain many billions of dollars after World War I which she did not repay nor the fact we have again in this war contributed some thirty billions of our wealth for her use. Our ties of friendship are strong because we English-speaking people have so long and so fervently believed in and practiced kindred forms of free government in which the dignity of man is recognized and the liberties of freemen are protected. We speak the same language, we believe in the same types of free institutions, we jointly oppose tyranny and dictatorship. This loan is not needed to make the British appreciate the importance and the value of our friendship; and we shall remain friendly to the British people and ready to cooperate with them to the mutual advantage of both countries and for the welfare of the world to the full extent of our ability regardless of what happens to this loan proposal.

It is indeed a strange logic which reasons that despite the huge lend-lease advances we are preparing to write off, despite the large unpaid loans following World War I, and despite recent cancellations and reductions in payments for new products received since the war it is still necessary to hand over the money called for in this gift-loan if we are to strengthen our bonds of friendship with the British. To me that is an insult to our English cousins and it is at complete variance from the facts.

As to the contentions that this financial grant will help Britain recover her postwar prosperity, her political stability, and her capacity to resist the advances, the attractions, and the aggressions of communism, let me say that the basic problems confronting the economic structure of the British Empire and of the United Kingdom itself are so large and so fundamental that this pump-priming contribution of \$3,750,000,000 will not spell the difference between success and failure. Even the leading British economists who have spoken on the subject admit this. Of course, having nearly \$4,000,000,000 worth of cash and credit dropped in its lap from abroad, with the lowest interest rate of any such transaction in history and a 5-year period of initial grace wherein no interest at all is charged or collected will lighten the burden of British taxpayers. Nobody could deny that. It will lighten that burden in about the same proportion that making this gift-loan will increase the burden upon American taxpayers. But this bounty to Britain will not solve its economic or political ills,

and it will not cure its Empire-sustaining problems.

As to bolstering Britain against communism or strengthening her as an outpost against Russia, as some advocates of the loan boldly proclaim the purpose of this loan to be, it is indeed a shallow type of surface thinking, which believes the all-important job of developing a program of enduring and equitable peace between all the nations of the world, including Russia, can be achieved by this type of Russia-baiting dollar diplomacy and monetary imperialism. In my opinion, making this highly preferential financial grant to Britain without security and with only slightly more than half as high an interest rate as we charge other countries will aggravate the problem of working out a peaceful formula of world behavior and order with Russia rather than helping us to solve that problem. To the extent that it increases Russian suspicions, to the extent that it stimulates Russian retaliation, and to the extent that it causes the Russians to intensify their expansionistic and militaristic activities it will tend to weaken rather than strengthen Britain by increasing rather than decreasing her jeopardy.

To that extent it will also weaken rather than strengthen the United States by compelling us to maintain even stronger military establishments in order to be secure against the possibility of a war with Russia. Certainly we increase rather than decrease the likelihood of such a war by openly granting to Britain a gift loan "to strengthen her against communism." Were Russia to donate \$4,000,000,000 to Brazil or to Argentina or to China with the advocates of such a loan at first whispering and then openly proclaiming that it was being done "to strengthen the country against the United States" we would realize that sending dollars into such a contest is likely to be but the prelude of a program ending by the sending of men into battle. The path to peace must be an open highway on which all of the nations unite to outlaw and prevent war. It cannot be a one-way street, dividing the world into rival camps. It cannot be an exclusive boulevard to be traveled by some and to be denied to others. America must not engage in setting up a Jim Crow financial-aid program in which we offer virtual charity to some nations and practice usury upon others. Dollar diplomacy of this crude type has never brought peace in the past. It cannot bring peace in the future. A nation cannot purchase enduring international friendship by making foreign loans, but it can go far toward erecting lasting barriers against itself by picking and choosing the countries to which it will make or deny loans in order to strengthen them against other equally proud and ambitious countries.

I sincerely fear that approving this loan as written with its preferential treatment clauses and its policy of showing favoritism for one ally as against another will do much more to sow the seeds of discontent abroad than it will to reap a harvest of peace. Our big job in preserving the peace today is to find a formula for living in this world with Russia on a basis that will decrease rather than

increase suspicion, distrust, and dislike between our two great countries. The sly isolationism of this financial proposal works in exactly the opposite direction from that of a sound approach to world peace.

I am one who voted for American participation in the United Nations organization and for Bretton Woods because I believed then and I believe now that if peace is to endure it must be embraced by all the major nations of the world under arrangements which bring and keep them all around one conference table and before one forum rather than through programs which divide the world into power blocs and divisive alliances. I introduced into Congress the legislation which finally eventuated in the development and ratification of the United Nations Educational, Scientific, and Cultural Organization—UNESCO—for the same reason. I believe in international cooperation in peacetime, but I think it should be multilateral and not bilateral. I think it should be truly international and not just binational.

I have said in many public addresses and in speeches on this floor, as well as in reports to the State Department and the President, that peace with Russia can best come through adopting and following reciprocal policies with that great power which will treat her as we treat other nations and which require that Russia treat us as we treat her. The proposal before us with its publicized purpose of "bolstering Britain against Russia and against communism" works directly in the opposite direction; it is based on favoritism rather than upon reciprocity, and in my mind it moves toward war rather than toward a lasting peace.

#### IS THIS TO BE THE NEW ISOLATIONISM?

Mr. Chairman, this unique program of making foreign loans to friendly countries to bolster them against another ally is a dangerous and a doubtful practice. President Truman's policy of granting different terms to different foreign borrowers on the basis of their local form of government, their language, their propaganda prowess, or what-have-you is as unsound and unwise as it is uneconomic. What should be done is to follow an open procedure, publicly proclaimed, and dealing equitably with all foreign countries.

It has been recommended in one form or another by many students of international finance much abler than I. It perhaps is too logical and practicable a program to appeal to the lofty idealists who inhabit our White House and our State Department. Here it is in easy, understandable, logical steps:

First. An announcement should be made that all foreign countries expecting to seek loans from the United States should file their requests with this Government by a given date.

Second. The total amount of these requests should be tabulated and a determination made as to how great a percentage of them the United States could afford to make.

Third. Stipulations should be announced as to the purposes for which we would loan money and as to the purposes for which this money could not

be used such as aggression, imperialistic activities, armament building, and so forth.

Fourth. An interest rate should be determined upon which would reimburse our taxpayers without any profit but equal to what it costs the United States to borrow the money from its people to loan abroad.

Fifth. Types of acceptable security and terms of amortizing these loans should be developed and announced.

Sixth. Then all nations which agree to cooperate with the United States in working for world peace, international justice, and orderly international behavior, including the control of all lethal uses of atom energy, should be treated with equal consideration and fairness in the matter of our aid to former allies in the specified tasks of reconstruction and of developing prosperous and nondiscriminatory world trade.

This would be the fair and honorable method by which to proceed. The current program of dealing with each loan request separately and of treating it differently with easy terms to some and harsh terms to others is actually the beginning of a new isolationism by which the United States is using its financial position to divide the world into classes and groups. We are sending our "divisive dollars" into the world to strengthen one nation against another or to support one ideology against another and if this is not a technique of isolation the lexicographers had better find a new definition for the term. What will the harvest be?

Will it be international cooperation and good will? Will it be universal harmony and mutual understanding? Mr. Chairman, you know it will not. And I know it will not. It must inevitably breed distrust and misunderstanding. It will invite retaliations. It will cause all but the most favored nation receiving the best terms to writhe with resentment because they are forced to pay higher interest rates, or provide a better security base, or accept a smaller loan, or make payments more promptly, or perhaps be denied a loan altogether. By choosing up sides among our debtors charging some 3 percent, as we do France, and some much less than 2 percent as is proposed for Britain we cannot expect that those discriminated against will be happy. Nor by granting loans to some countries while denying them to others with equally good claims as former allies and as acceptable credit risks, can we expect those discriminated against to forget the slight or forgive the injury.

**"DIVISIVE DOLLARS" ARE A TECHNIQUE OF ISOLATIONISM**

Mr. Chairman, this "isolationism of the dollar sign" is a far step from the doctrine of the United Nations. The use of "divisive dollars" can divide the world into embittered rival camps more certainly than tariff walls, immigration restrictions, Monroe Doctrines, or a patriotic urge to put the interest of one's own country first.

If the United Nations organization is to be given a fair chance to succeed we must not wreck it in its infancy by sending our dollars abroad to comfort

some while they confound others. We must not practice this new form of isolationism which treats each prospective foreign borrower differently and which in the long run will tend to make enemies of all but the country getting the most favored financial terms and we shall be fortunate if even that country does not become an ingrate when the time approaches—if it ever does—when we must insist upon repayment.

Mr. Chairman, I am not alone in my fear that this new venture in dollar diplomacy may well prove to be a real menace to the peace of the world. When the Bretton Woods agreement was before Congress for approval, the Banking and Currency Committee—the same committee now sponsoring the British loan proposal—issued a printed report in support of that agreement. Many may have forgotten what was then said, but in my study of the implications of this loan, I have reviewed that earlier record. On page 17 of the committee report—Report No. 629, issued May 30, 1945—the committee then said:

If some countries should find it difficult to secure through private investment the minimum capital needed from abroad, they will be tempted to seek this capital in other ways. Foreign loans may be arranged on a political rather than an economic basis. Such a policy would be most unfortunate, for it could only mean a resumption of the use of power politics in international economic relations.

Well, my colleagues, the wheel has now made a complete turn and we are being asked to make precisely the type of political loans we were earlier cautioned against. Short memories are indeed a convenience at times, but in guarding against war and in planning for peace we would do well to rely upon logic and reasoning rather than to find comfort in quick forgetfulness.

The extent to which the discriminatory features of this technique of isolationism through-use-of-divisive-dollars is already receiving world attention can be gleaned from a study of the debates in the British Parliament when that body was voting its approval—incidentally with a substantial vote in opposition—of the terms of this gift-loan. The late Lord Keynes who is credited with writing the terms of this proposal said in that debate:

The most favorable terms sometimes allowed, as for instance in the case of France, for the purpose of clearing up what she obtained through the lend-lease machinery, are 2½ percent, with repayment over 30 years, beginning next year. That is to say, an annual debt load of 5½ percent, so that an amount equal to 34 percent of this loan will have been paid by France during the 6 years before we have begun to pay anything at all. The normal commercial terms in the Export-Import Bank are, however, 3 percent, repayable over 20 years commencing at once, so that payments equal to 48 percent of the loan would have been paid during the first 6 years in which we pay nothing.

Mr. Chairman, when Lord Keynes speaks in Parliament and tells his British colleagues how the French pay 34 percent "during the first 6 years in which we pay nothing" it undoubtedly sounds good to the British citizen but what must be the reactions of the citizens of France who are confronted with terms which are

much more harsh? No, Mr. Chairman, if the United States is to engage in the high adventure of international finance with the taxpayers' money, let us at least first of all establish rules of the game which will treat all borrowers alike and which will not cost us both the money which we loan and the friendship of all but the most favored borrowing country.

Amendments to achieve this will be offered on the floor when we reach the amendment stage of this bill; I shall support those amendments. If no corrective amendment is added, I shall vote against this proposed loan with complete confidence that in so doing I am more in line with a policy of developing an enduring peace and a friendly world political climate than those who look no further than the British Isles and forget that we need more friends in this world than the British—important though their friendship is—if we are to make the United Nations organization work and develop a program of lasting peace.

**LOBBYISTS FAVOR THE LOAN BUT IT IS HIGHLY INFLATIONARY**

All of us in Congress realize, Mr. Chairman, that the propaganda lobby for this British loan has been terrific. The international bankers lobby from New York City, the exporters' and importers' lobby from every large city in the land, and the social lobby here in Washington have been at work 24 hours a day for many months. Our mail has been filled with expensive brochures, with printed booklets, with pamphlets, with letters on engraved letterheads urging us to support this proposal. Undoubtedly certain financial circles in this country would profit from this transaction—at least temporarily. Over the long pull, I doubt that even the bankers in New York City would profit permanently, however.

**BRITISH LOAN WOULD STIMULATE INFLATION**

Just the great impetus which this loan would give to the menace of inflation through turning loose in the world this vast new competitive purchasing power would alone work a great hardship on our citizens in every walk of life. Every dollar of this loan which is spent in the United States by British bidders for American automobiles, farm machinery, building supplies, and other equipment and materials would be an additional dollar pushing prices upward by stimulating demand without correspondingly increasing supply. Against such inflationary pressures, it would be impossible for any regulations of the Office of Price Administration, if it is recreated, or of any other hold-the-line program to keep prices normal. If we would avoid ruinous or dangerous inflation, we must guard against artificially stimulating demand and expanding foreign purchasing power until our processes of production can at least catch up with our domestic needs and demands.

**BARUCH AND JESSE JONES SOUND A WARNING**

Probably the two most highly respected and most widely experienced American financial experts in the field of public finance are Mr. Bernard Baruch, of New York City, and Mr. Jesse Jones, of Texas, former head of the Reconstruction Finance Corporation. It is



significant, therefore, that both of these great American financial experts have sounded voices of warning against approving the British loan. Mr. Baruch has warned that the United States cannot afford the huge financial obligation which this loan and those to follow it entail. He has cautioned against our killing the goose that lays the golden egg by bankrupting America.

Jesse Jones has emphasized and underscored and endorsed these words of warning. He asks that the loan be rejected at this time. Mr. Jones recommends that before it is made, provisions be included to provide security and collateral so that it will be repaid. He says the United States cannot at this time afford the risk of an unsecured loan. He tells us a bankrupt America will lead the world to ruin—not to prosperity.

**BRITISH CONDITIONS HAVE CHANGED SINCE LOAN WAS AUTHORIZED**

Most important of all, Jesse Jones in an article published June 28—only a few weeks ago—points out that conditions in Britain have changed drastically since the terms of this loan were accepted by the White House and even since the United States Senate approved this loan.

Mr. Jones quotes his fellow Texan, Mr. Will Clayton, of the State Department, to show that when the terms of the loan were being prepared originally it was anticipated that the British would have a deficit of \$3,300,000,000 in their balance of payments during the first year of transition from war to peace; that their exports would exceed their imports by that amount. Actually, according to Mr. Clayton and Mr. Jones, the records show that in the first 10 months since VE-day, British imports have been approximately \$1,000,000,000 less than anticipated and British exports have been approximately \$1,000,000,000 more than was estimated. Thus the adverse balances which the British expected will be about \$2,000,000,000 smaller than anticipated. Says Jesse Jones:

Obviously, a difference of \$2,000,000,000 in the first year demonstrates that the British do not need \$3,750,000,000 to meet the adverse balance of payments over the first 3 postwar years although this was the specified purpose of the loan.

Nobody has contradicted the new figures released by Mr. Clayton and Mr. Jones. Nobody has denied that the original estimates were wrong by the tidy sum of \$2,000,000,000. And yet we are asked to approve this loan proposal, without amendments, on the basis of estimates more than 10 months old and more than \$2,000,000,000 wrong simply because President Truman and his White House and State Department advisers originally agreed to terms which are no longer either necessary or valid.

Mr. Chairman, such reckless abandonment of caution and counsel is a discouraging spectacle. In my opinion, the United States would do well to heed the advice of its two outstanding authorities on national and international finance and resubmit this loan to committee so that its terms could be brought up to date with present conditions in Britain and so that they could be made to conform with those offered other foreign countries, in-

cluding the stipulations of security, collateral, and realistic interest.

Today, the Treasury Department advised me we have outstanding approximately \$45,000,000,000 worth of E, F, and G bonds in the hands of average American citizens. These bonds cost the Government interest rates running all the way from 2.5 percent to 2.9 percent. The legislation before us proposes to loan money to Britain at a rate of 1.83 percent, and it may run as low as 1.62 percent if the money is drawn promptly since no interest at all is charged the first 5 years. The loan further provides that no interest shall be charged to Britain any year that she may have an unfavorable international exchange position. When that occurs the interest is waived and it is not accumulative. If this were to happen in one-half of the 50 years, the average interest rate would actually be less than 1 percent. Who pays the difference between these low-interest rates and what it costs the American Government to borrow the money from its own taxpayers? Why, those self-same American taxpayers, of course. They must not only dig into their pockets to pay any portion of the loan which is not repaid but also they must tax themselves to compensate each year for the substantial difference between the interest rate Uncle Sam collects from John Bull and what it costs Uncle Sam to borrow the money here at home.

To me, Mr. Chairman, there is an especially distasteful aspect of this substantial disparity in interest rates. It is the fact that American GI's are required to pay 4 percent per annum under the GI bill of rights while actually the British Tommy who fought alongside of them gets money from his Government at considerably less than 2 percent. In my opinion, sir, we should not collect from our American veterans interest rates which are substantially in excess of those at which the White House brigade feel it is legitimate to charge to foreign borrowers. Either we are charging our American veterans too much under the GI bill of rights or we have scaled down the interest rates to the British in this proposal to an uneconomic and an unsound figure.

It should also be remembered and emphasized in this connection that the so-called disaster loans and the emergency feed and seed loans Uncle Sam made to American farmers who were stricken with drought, depression, grasshoppers, and dust storms carried an interest rate of 5½ percent in 1937 and now cost the borrower 4 percent, or more than twice the interest charged the British. Even the RFC charges 3 percent interest for its disaster loans to areas having acute needs. After all, Mr. Chairman, are not our American farmers entitled to as fair and generous treatment from their Government as are the farmers and tradesmen of Great Britain?

**SUMMARY OF ARGUMENTS AGAINST LOAN AS PROPOSED**

Mr. Chairman, this argument is growing too long but it deals with an unprecedented proposal of vast significance and of huge proportions. I have failed to touch on many points which might well

be considered in determining upon the advisability or inadvisability of this loan. I have not mentioned the fact that millions of old people in this country are now receiving totally inadequate old-age assistance checks in these days of high prices, and that much less money than that involved in this gift-loan would correct this sorry situation. I have not asked nor heard the answer to the question of what it is proposed to say to the Russians if we pass this loan proposal and they then request an equally large loan, equally without security, at an equally low-interest rate. I have not discussed the fact that this loan through an obscure but definite clause in its agreement permits the present Socialist or Labor government of Britain to use this money, if it chooses, to further nationalize and socialize its industry to the end that this vast sum may actually be used to break down the free enterprise and private ownership system in western Europe rather than to bolster it.

Time does not permit an adequate analysis of these and many other considerations which all enter into our final decision on this matter. If the proposal is recommitted to committee, as I hope it is, and as I shall vote to do, we can have time to review all of these considerations and others as we reapproach the British with the suggestion that this proposal be revamped and rewritten in view of developments within the past 10 months, and in order that a uniform program may be developed for dealing with all foreign loan proposals rather than continuing the weird program of piecemeal, patchwork, crazy-quilt spot loans upon which the administration has already embarked and which the approval of this British loan would mean we must continue.

In conclusion, therefore, for purposes of clarity let me summarize the major reasons why I believe this British loan proposal should be rejected unless it is perfected by amendments or returned to committee so that it can be rewritten to conform with the changed circumstances and world conditions which now exist, some of which were not apparent when its terms were drawn nearly a year ago.

First. The economic advantages claimed for this loan cannot be attained. From every standpoint it is an imprudent and uneconomic adventure. Chairman Spence of the committee sponsoring this legislation in the House is correct when he says in good conscience, "I do not recommend this as a financial investment."

Second. Before we give our approval to direct loans of this nature to foreign countries we should survey our own resources and ability to underwrite them. We should get an approximation of the entire amount involved in all the loans we shall be called upon to make, and we should develop a uniform set of rules so that we can deal with all nations equitably with "malice toward none" and without favoritism toward any.

Third. We should not be called upon to bribe any nation to fulfill its commitments in the Bretton Woods agreement nor to buy its adherence to its provisions. If we set the precedent of pay-

ing the British to come in, the Russians who are also holding back and remaining aloof from the Bretton Woods program may insist that we also pay their entrance costs or they will remain permanently out of the program.

Fourth. Loans of this type should be handled through the Export-Import Bank or the International Bank both of which were set up for such purposes and to both of which we have appropriated billions of dollars. Such loans should carry security and be based on ability to pay or else they soon take on the character of gifts. It is not reasonable to expect some nations to pay 3 percent interest without resentment if we loan larger sums to other nations for substantially less than 2 percent interest.

Fifth. If the United Nations organization is to succeed "dollar diplomacy" and this new isolationism of using "divisive dollars" to establish alliances for purposes of power politics or ideological warfare must be held in check. Either we must work with all nations for enduring peace as we set out to do in the United Nations or we must form alliances so powerful that war against us is impossible. No two nations of this world are strong enough to frighten the rest of the world into submission. Power blocs have never yet brought the world enduring peace. We should guard against starting one now.

Sixth. The alleged advantages of this loan are so vague and so nebulous and the huge potentialities of cost are so great to our taxpayers that we should not approve this loan unless it is amended to assure its payment and to avoid its discriminatory and ill-will-producing characteristics.

Seventh. The United States now has a national debt twice as large as that of all of our allies combined and our national budget is still out of balance. Before launching out further on a new program to finance the world, we should set our own financial house in order and begin the long, slow, painful trek back to national solvency.

Eighth. In terms of undeveloped natural resources, we are no longer the richest Nation in the world. Two great wars have exhausted much of our oil, copper, iron, timber, and other resources. Both Russia and the British Empire exceed us in undeveloped natural resources; the least we could insist upon as security for a loan of this character would be collateral in terms of resources which others have and which we may be on the point of needing. Bases, ports, and strategic islands are other collaterals which might merit consideration.

Ninth. Our experience in collecting the foreign loans made after World War I points up the improbability of collecting loans of the type we are now considering. We then discovered that the only possible payments were the gold which the countries did not have or the imports which we could not absorb and conditions have not changed materially in that regard except we now have so much gold that we have buried most of it in Kentucky. When we loan money for the alleged purpose of bolstering up a

country's economy we should not expect to insist on payments which might in turn destroy it.

Tenth. This loan will definitely increase the dangers of a ruinous inflation. It will substantially increase the buying power for goods which are now in short supply. It accords favors to foreigners in terms of low interest which we have not provided our own war veterans, our elderly citizens, or our disaster-stricken farmers. It purports to provide abroad an economic stability and prosperity which we cannot rightfully claim for ourselves so long as our aged citizens receive inadequate treatment, so long as our slums and rural areas lack housing and hospital facilities, and so long as large groups of our citizens such as our Indians and Negroes are forced to endure unjustifiably low standards of living and inadequate opportunities for advancement right here in the United States. Certainly we should not neglect our old people, our veterans, our amputees, and other deserving Americans while sending billions of dollars abroad on a highly doubtful venture.

Mr. Chairman, it is not easy to vote against this British loan proposal. I have great admiration for the sterling qualities of British character; I admire and applaud the great gallantry they displayed in the war; I have twice been a visitor on their tight little islands where I was accorded many courtesies and honors. During the war, I even participated in their propaganda war in Europe by broadcasting over the BBC short-wave radio. I have voted for every dollar appropriated under lend-lease and by UNRRA; I have voted for many other measures and proposals to stimulate world cooperation and international trade and good will. I am the author of the UNESCO proposal which I believe and hope can in time do as much or more than any other one thing to drive war from the hearts and minds of men and to instill a confidence and a capacity in the methods of peace so that war can be permanently outlawed.

It would be far easier and perhaps more popular to vote "yes" on this proposal than to vote "no." Practically every daily newspaper in South Dakota has carried editorials in support of this loan. Many of our weekly editors have expressed a similar sentiment. Most of my closest personal friends who have contacted me about this loan have suggested that I vote for its approval. It is always easier, furthermore, for a Member of Congress to vote to spend the other fellow's money for a popular or an idealistic cause than it is to vote against such an appealing proposition.

However, Mr. Chairman, I have devoted many weeks of serious, careful, painstaking study and research to the many-sided features of this proposal. I have conferred with many authorities and searched the records thoroughly for all evidence I could find to help reach the proper decision on this important, precedent-setting, history-shaping legislation. Above all, I am motivated in my decision by the primary objective of doing that which in this troubled world

is most likely to work toward peace than it is toward war. I want the world to move toward a united approach to world problems and toward a cooperative solution to its differences. I cannot bring myself to vote for a proposition which, in my opinion, moves in the opposite direction since I fear that approval of this special-treatment loan will tend further to divide the world into rival camps and to deepen the divisions which already are creating competitive blocs of power.

A man in public office must be true to his convictions and loyal to the dictates of whatever judgment he has. Otherwise he had better resign and permit his place to be taken by a weather vane. Unless this bill is amended to correct what I conceive to be its most dangerous deficiencies, therefore, I shall vote "no." I shall vote "no" because I am afraid this strange new isolationism which would send our money into the world as "divisive dollars" to try to isolate us from realities will no more make for peace than the equally futile philosophy which believes that America, today, can ignore world conditions and world trends. What we require, in my opinion, is a world inclusive effort to solve the world's problems. Let us try first to bring all nations together in a joint program of peace before we again start choosing up sides and selecting financial partners "to bolster" friend against foe. I hope we never have to admit the inevitability of another war. Certainly it is too early to do it now.

While there is yet time and opportunity, let America exercise its leadership for peace and for harmony. Let us not use our strength and our fortune to encourage bitterness and to deepen the differences which already threaten to divide the world into segments between which it is increasingly hard to establish the policies and principles which lead to a just and enduring peace.

Mr. GAMBLE. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. LEONARD W. HALL].

Mr. LEONARD W. HALL. Mr. Chairman, I am going to vote for this resolution and give my support to the authorization of the British financial agreement.

This country of ours cannot alone provide the foundation for international economic stability any more than we can alone provide the keystone for international peace.

We must join efforts with those who think and feel as we do.

It is perfectly useless to try to convince me that in this day and age we can go our way and shut ourselves off and not give a care or concern to our international neighbors. Rather, it is the day of cooperation.

It is not a question whether as individuals we naively or instinctively like or dislike the fact. But it remains a fact, and there is simply no use blinking at it.

If we are to achieve international economic stability and world peace, we must have help and cooperation. And in order to get this assistance we must



undertake the obligation of helping and cooperating ourselves.

This financial agreement is not only an investment in our policy of furthering international economic stability and peace.

It is also an investment in support of our policy of free enterprise. And let us not forget that.

Certainly, we do not want state control of our external trade any more than we want state control of our internal economy. We all know the influences that are at work to sabotage the system of free enterprise in this country and elsewhere. Nothing would please some groups better than to see this financial agreement fail. They know what would happen. They would see the widening influence of the Communist doctrine of state industrialization and state collectivization and a further spread of complete state control in external trade, with its influences in engrafting those doctrines on the internal economies of nations as well.

The restrictive trade controls practised by Britain through her sterling-dollar bloc and her bilateral trade agreements did not result as a matter of choice by that country. It was Britain's weakness, economically—and it was practically a matter of economic life or death—that forced her to the adoption of them.

And it is to get rid of these controls that we are making this agreement. But their eradication will not only help Britain. Their elimination will help us, bountifully. And unless this agreement is made, because of Britain's economic weakness, I frankly do not see how she can do anything but to persist in complete state control of her external economy, which would mean that American industry, agriculture, and labor will be substantially shut out from 50 percent of the world's trade.

It is a rather interesting thing that the left wing of the British Labor Party is against this agreement. While the opposition in this country is on different grounds, the left wing of the Labor Party in England, which many of us believe is entirely too close to the party line of Moscow, feel that the success of this agreement will definitely slow down, retard, discourage the socialization of British industry. I am encouraged by their fear. For if we can overcome the system of the sterling-dollar pool and the presently practiced state controls of British external trade, free enterprise would be given tremendous impetus throughout the world. Of course, these left-wingers fear that if the system of free enterprise sweeps out state controls in foreign trade that their own socialist internal controls will inevitably be badly shaken if not in time discarded.

Let us be plain spoken. We are in a fight for the survival of free enterprise in international trade, and it is only self-enlightened interest and good business for us to do everything we can to win that fight.

But the economic aid to be given Britain under this agreement means, in turn, also, that we will be reciprocally benefited, and directly. This is not a one-

way agreement, where we give something for nothing.

With the credits to be given under this agreement it is the expectation that Britain will be able to break the log-jam she is in with reference to her sterling-dollar pool and her bilateral trade agreements. And that is the purpose, to break up individual trading blocs, whether forced economically or by political intimidation or coercion. Today we are severely restricted in dealing freely in export trade with countries that make up more than 50 percent of the world's trade. Through Britain's economic weakness—and her state controls today are concededly defensive mechanisms—we are not getting our rightful share of the world's trade. Under this proposal we obtain Britain's agreement to open up trading areas throughout the world where today we are very substantially barred.

The time is going to come, and rapidly, when production in the United States is going to rise to prodigious figures, to heights that will dwarf all previous records. Today we are not bothered overly much by the need for export trade for the products of American agriculture, industry, and labor. We are not yet in balance, domestically, between the needs of supply and demand, and it may be a little time yet before our own domestic needs may be filled adequately. But that time is rapidly coming, barring adverse administration policies affecting reconversion. And when production swells and we begin to be confronted with surpluses in both industrial and agricultural items and commodities, then this country will become seriously concerned with the export trade picture. Agriculture, industry and labor will be demanding, and in no uncertain terms, foreign outlets for their production and failing to find them agriculture, industry and labor, all three, will be demanding drastic steps on the part of Government to assure the marketing abroad of America's surplus products.

When that time comes—and it is a question we have to think about and resolve the best we can by the opportunities given us—will we be trading with the world freely, uncurbed by government controls—ours included—without dictation as to how much we can ship, when, to whom and by whom, at what price, the quality of goods and the service to be rendered? Or will we be under dictated controls by our own Government made necessary to combat world conditions and to force our trade abroad; and under controls that may bear a real likeness either to those of the Soviet system or the restrictions that Britain is now under?

We know what we would like, and that is the system of free enterprise as against state control; free enterprise in our external economy as well as in our internal one.

If we want to assure that free enterprise, if we want effectively to combat socialistic controls, we have got to fight for our own policy and we must support those measures that will help achieve international trade under a system that will minimize state dictation, help to stop the spread of the doctrine of Communist industrialization and collectiviza-

tion, and thus support our free enterprise policy and advance the economy of our own country.

Helping Britain through this loan agreement, in real essence, is helping ourselves.

The agreement before us promises much in getting the world back to a position of international economic stability and every inch of progress in that direction will mean the advancement of America's basic interests.

Mr. COLE of New York. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Sixty-nine Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following members failed to answer to their names:

[Roll No. 218]

Adams	Gearhart	Patrick
Almond	Gibson	Peterson, Ga.
Anderson, Calif.	Gillespie	Pfeifer
Andrews, N. Y.	Gossett	Phillbin
Baldwin, Md.	Granger	Phillips
Bates, Ky.	Grant, Ala.	Ploesser
Beckworth	Harless	Plumley
Bennet, N. Y.	Harless, Ariz.	Powell
Bland	Harness, Ind.	Price, Fla.
Bonner	Hart	Priest
Boren	Havener	Quinn, N. Y.
Boykin	Hébert	Reece, Tenn.
Bryson	Heffernan	Rizley
Bulwinkle	Hendricks	Robinson, Utah
Byrne, N. Y.	Hinshaw	Roe, N. Y.
Camp	Hollifield	Rogers, N. Y.
Cannon, Fla.	Jackson	Sheridan
Celler	Johnson	Simpson, Ill.
Chapman	Lydon B.	Simpson, Pa.
Clements	Johnson, Okla.	Slaughter
Cochran	Keefe	Smith, Va.
Coffee	Kefauver	Sparkman
Colmer	Kelley, Pa.	Stewart
Combs	Keogh	Tarver
Cooper	Kilday	Taylor
Cox	Lea	Thomas, Tex.
Cravens	LeCompte	Tolan
Crawford	Ludlow	Torrens
Crosser	McGehee	Traynor
Curley	McMillan, S. C.	Vinson
Daughton, Va.	Mahon	Welch
Davis	Mankin	West
Dawson	Mansfield	White
Dingell	Mont.	Wickersham
Douglas, Calif.	Mansfield, Tex.	Winstead
Doyle	Mason	Winter
Earthman	Miller, Calif.	Wolfenden, Pa.
Eberharter	Murdock	Wood
Engel, Mich.	Murphy	Worley
Flannagan	Norton	
Fogarty	Outland	

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WHITTINGTON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration Senate Joint Resolution 138, and finding itself without a quorum, he had directed the roll to be called, when 308 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The SPEAKER. The Committee will resume its sitting.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of Senate Joint Resolution 138, with Mr. WHITTINGTON in the chair.

Mr. GAMBLE. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Chairman, this subject has been debated for something like 13 or 14 hours in the Commit-

tee of the Whole; debated back and forth and up and down. I am painfully aware of the fact that I am unable to add considerably to your knowledge or understanding of the subject, the ground has been so thoroughly covered. The best I can do at this moment is to endeavor to pick up what might be termed some of the fragments of the debate and piece them together in an endeavor to present to you the picture as I see it, conscious as I am of my fallibility.

Let us observe the position in which Britain finds herself and then measure our own position, and later that of the other nations of the world. For 6 years Britain struggled desperately to save herself against the most powerful force that was ever launched against human liberty. For a portion of that time she did it alone. In proportion to her population and resources, I think I am correct in saying, she sacrificed more than any of the nations contending against the Nazis and the Japs. In a desperate war effort she lost something like 65 percent of her foreign trade upon which, as you all know, she had very largely made her living for generations prior to this war. Her military casualties, somewhat in excess of a million, were about equal to our own, but Great Britain has only about one-third of our population. From bombings, 58,000 civilians, men, women, and children, were killed in Great Britain. Thirty thousand of her merchant sailors were killed or drowned.

Mr. BUFFETT. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from Nebraska.

Mr. BUFFETT. Does the gentleman think that Britain, in proportion to her resources and population, suffered as much as Poland did?

Mr. WADSWORTH. I am speaking of the active allies in the war. I will amend my statement to that effect. I meant those who came forward to victory still existing as nations. The damage done to the British plant, if I may use that term, of course was terrific. Her resources were so reduced by these efforts which she had to make that today I think it could be said that to an extraordinary degree she is lacking in working capital. That has been my conception of the British position for several months, lack of working capital. Her plant is run down, for the time being. She lost very considerably her outlets, and her business was stalled by her war efforts. The thing that she needs most is to get going again. She can get going solely with the use of new working capital.

I visualize this credit which we are to establish in her favor as giving her an opportunity to get some working capital, to lubricate the machinery of her plant, to get it going again.

I think we will all admit, if we read history, that when the British get a plant going in the commercial sense they know how to run it. They have displayed a genius for commerce for centuries; in fact, their predominance in the world has been largely due to their commercial genius rather than to their military.

Obviously, the resumption of the activity of the British plant will be to our

great advantage, just as it is to the advantage of a town we will say, of 15,000 or 20,000 people when a plant in the town which has suffered, through no fault of its own, hard knocks in a business way, is enabled as a result of getting together some working capital to start its machinery going again and employ the men and sell the goods. Every merchant up and down Main Street advantages by it. If we could visualize the world as a whole, where trade and commerce must prevail upon a sound basis fundamentally, we can get an appreciation, I believe, of the importance of starting that British plant going again as an important element in it.

Various suggestions have been made here. One, for example, is that this credit which we are to extend is not a sound banking loan. Mr. Chairman, I would not contend that it is a sound banking loan. That may be a somewhat unconventional thing for me to say at this point. Nevertheless I am in favor of our taking the risk, very much in favor of it. The risk proportionately is exceedingly small, \$3,750,000,000, when we consider the possibilities of world trade moving along successfully, or the danger that it will not move along successfully and the effect of that failure upon ourselves. No; it could not be defended, I suppose, as a straight banking loan. Perhaps a few sensible, far-seeing bankers would say, "This is a good thing for the good of the community," but it is quite possible that a Federal bank examiner might criticize the board of directors of a bank that made such a loan. But I have known instances of this kind when institutions have been set upon their feet and the prosperity of the community restored.

There is the suggestion, for example, that we demand some sort of security. Just what security one government can ask of another passes my comprehension. The greatest security that I can think of is the pledge of the Government. That is the security we have behind our own currency. It is the pledge of the Government. That is the greatest security we can have. I cannot boast of having read of all the instances in history involving the making of loans between governments, but I cannot recall one in which security was demanded and provided. Certainly when our struggling little republic in the 1780's borrowed money from France and Holland, neither the French Government nor the Dutch Government demanded security from us. It may run contrary to some conceptions when I say I know of no occasion when the British Government deliberately defaulted on a loan. If there is any such thing as security, the pledge of a government is the greatest, just as anyone here would say that the pledge of the Government of the United States to pay a debt would be the greatest security that the lender could demand.

The thing I dread about this situation is that should this bill fail, first, the world would be divided into compartments again. You have all heard the sterling bloc described and the dollar pool, a device resorted to by the British during the war solely for war-making

purposes. They had to do it—dollars were so scarce—they had to do it in order to live and buy supplies. But it would be a pity if that kind of thing went on indefinitely—a great pity. The gentleman from California in a little colloquy with the gentleman from Massachusetts [Mr. McCORMACK] this morning asked if this loan, as he called it, was a political loan or not. I do not visualize this advancement of a credit as a political gesture at all. But my judgment is that if the advance is not made, eventually there will be political repercussions over which we may not have much control. In my judgment, this loan will tend to obviate and do away with international power politics in the field of trade and commerce.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. McDONOUGH. The gentleman refers to the colloquy between the gentleman from Massachusetts [Mr. McCORMACK] and myself this morning. According to the gentleman's definition, he believing that it is not a political loan, I take it from what he says that it would bring about political security to grant the loan?

Mr. WADSWORTH. I think the tendency is distinctly in that direction.

Mr. McDONOUGH. Political security for whom—the United States or Great Britain?

Mr. WADSWORTH. For everybody—for everybody. Men speak of Britain turning left. I suppose nearly every man in this House was disappointed in some respects at that so-called turn. But after all, it was done at the ballot box in a free election, and we cannot very well stand here and denounce it. One hesitates to analyze the motives or the forces which swayed the British electors at that time. My own judgment is, which is not much better than a guess, that they were motivated by a sense almost of despair so far as being able as individuals to solve their difficulties. As a result, they made up their minds that the government must do it under some socialistic form and the common people, who certainly think, took that view. Some of us think that is a mistaken view.

The British Government has taken over the Bank of England. That is not really a very remarkable performance, because the truth of the matter is that although it was owned by British stockholders, it was actually run by the British Board of Trade. It was not run by the stockholders. In this instance the stockholders were paid by the Government. As you all know, they are about to take over the coal-mining industry, interior transportation, civil aviation, and perhaps the heavy steel industry. All their other activities are still in the field of free enterprise, including all their exports. They need to get the machine going. If they can get it going—and it is going to be a hard struggle for them, even with this help—there will be less temptation on the part of the British people to turn more and more to their Government, in desperation, to do something for them, for as they get their



machine going the blessings of free enterprise will become evident. But if they cannot get the working capital they will be compelled to resort to desperate means. That is, means which we call desperate. They would hang on to the sterling bloc in self-defense and try to develop it and strengthen it. When you have a bloc like that it means that American dollars are kept out of it.

The CHAIRMAN. The time of the gentleman from New York [Mr. WADSWORTH] has expired.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from Virginia [Mr. ROBERTSON].

Mr. ROBERTSON of Virginia. Mr. Chairman, I would much rather the gentleman from New York took my time and I will place my remarks in the RECORD.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Chairman, I appreciate the generosity of the gentleman from Virginia [Mr. ROBERTSON]. As a matter of fact, I think I have pretty nearly concluded my remarks, and I doubt if I shall use the 10 minutes.

As I recollect it, I was endeavoring to discuss the effect of working capital in starting that machine going, and I was leading up to the suggestion that if the machine does not get going Great Britain may have to resort, in desperation, to the maintenance of trade blocs, and that will mark the beginning of the division of the world all over again. We will not like it. The British people will not like it either. It will mark the beginning of the resumption of governmental power over trade and commerce, for they and those with whom they compete under those difficult conditions will more and more turn to their respective governments to control trade and commerce. You and I are absolutely opposed to that kind of thing in this world.

Mr. BUFFETT. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. BUFFETT. Can the gentleman offer any evidence that Britain is turning away from state control of business and industry?

Mr. WADSWORTH. I have not offered any evidence one way or the other. I have merely tried to sketch what she has done thus far. My dread is that if she finds herself in an exceedingly difficult position commercially and economically, she may turn more and more to government control, and others will do the same in rivalry and competition. Trade blocs will arise. People in desperation will resort to those devices. My hope is that by helping her get her machinery going again we will obviate that danger. That will be to our advantage, and incidentally to the ultimate advantage of world peace, for nothing is as certain to bring on war as brutal Government-managed commerce. That is where frictions arise and trouble results.

I like to see this country of ours strong in the leadership toward a free world. We have an opportunity to lead, most of the world looks to us to lead. This is but one step. In my judgment it will make us stronger. It should help the whole

world, and we will be proud, our children will be proud, and our grandchildren will be proud that America was strong in support of righteousness.

Mr. Chairman, I yield back the balance of my time.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. ROBERTSON].

Mr. ROBERTSON of Virginia. Mr. Chairman, I rejoice in the fact that we have leadership in this House. It has been a privilege and great pleasure to me to serve here with such an outstanding man as the distinguished gentleman from New York [Mr. WADSWORTH] who has a grasp of international affairs, a vision based upon a wide and varied experience and a courage that refuses to bow to political expediency.

I was glad to yield to him a part of my time and would have been happy had he used it all because I know that what he says concerning the vital importance of the pending measure will carry more weight in this body than anything I may say.

Mr. Chairman, as I view the proposal to extend a line of credit to Great Britain over a period of 5 years with the definite understanding that purchases made by Great Britain in this country shall be so regulated as not to increase inflationary pressure for items in short supply, the three outstanding advantages to us in agreeing to the proposal are:

First. It will make possible the Bretton Woods proposals for the establishment of an international bank and the stabilization of international currencies geared to the American dollar.

Second. It will enable us to gain access to foreign markets for surplus production without engaging in a trade war to do so.

Third. It will mean the survival in Europe of the last substantial bulwark against the spread of communism.

A distinguished newspaper editor who recently visited Germany reports that the destruction in parts of Berlin and other great cities of Germany was so complete that, in his opinion, those sections may never be rebuilt. There can be no political independence here or abroad without financial independence, and in the war-devastated areas there can be no financial independence without the reconstruction of the instrumentalities of production. The establishment of an international bank and the stabilization of international currencies will be the most effective means to accomplish that purpose.

The British Empire and the 18 nations in the sterling-payment area control one half of the world's commerce. In the course of 2 years, and perhaps sooner, we will need foreign markets for surplus cotton, tobacco, wheat, apples, lard, and pork products. We shall likewise eventually need foreign markets for the surplus production of machine tools, trucks, and automobiles, electrical equipment of all kinds, office fixtures, and appliances, and numerous other items of smaller volume. Such markets will mean employment in this country for not less than 3,000,000 workers. The following letter from Hon. William L.

Clayton, Assistant Secretary of State, indicates the type of cooperation that may be expected from Great Britain in that program and in the more fundamental program of combating the type of state trading as practiced by totalitarian nations:

DEPARTMENT OF STATE,  
Washington, May 14, 1946.

The Honorable A. WILLIS ROBERTSON,  
House of Representatives.

DEAR WILLIS: I have your letter of May 9 asking for a brief statement indicating exactly what the British have agreed to do in regard to preferences in return for the proposed loan.

To put it as concisely as possible, the British have agreed, in return for the loan, to negotiate with us for the immediate reduction and eventual elimination of their Empire preferences.

For your own information, I might explain the situation a little more fully. You recall that this Government published its Proposals for Expansion of World Trade and Employment on the same day that the financial agreements with Britain were signed. At the same time, in a joint statement on commercial policy the British Government expressed its full agreement with all the important points in the proposals, accepted them as a basis of discussion, and agreed to enter into early negotiations for their implementation.

In respect to preferences, the proposals suggest negotiations for the elimination of all tariff preferences. As an initial step, nations would agree that existing commitments would not prevent action on preferences, that any negotiated reductions in most-favored-nation tariffs will automatically reduce or eliminate margins of preferences and that, in any event, no new preferences will be introduced nor existing preferences increased.

Sincerely yours,

WILL CLAYTON,  
Assistant Secretary.

Recently I had dinner with a Canadian and when I praised Canada for making a loan to Great Britain, which is more than one-third of the loan we propose to make, although the Canadians do not have one-tenth of our financial ability, the reply was, "Well, we feel that it was our war." If the American people do not feel that they had a stake in combating the form of totalitarian government which Hitler sought to impose upon the world they do not understand why the war was fought. What boots it, may I ask, for us to spend billions of dollars and thousands of lives to prevent the world from being engulfed by one form of totalitarianism and then refuse to contribute as much as 2 weeks of the cost of that war to a program to prevent the world from being engulfed by another type of totalitarianism. The consequences of extending the proposed line of credit to Great Britain may be that the loan may never be repaid, although I believe the British people are honest and will repay if they can. The consequences of not making the loan will be the loss of our system of private enterprise through the regimentation of our economy to domestic needs, the maintenance of a huge and costly military establishment because we will be living in one world without one friend and the ultimate possibility of a future atomic war in which there will be no victor.

During the period that he was a Member of the House I greatly enjoyed my

service on the Ways and Means Committee with the Honorable Charles S. Dewey, of Chicago. Before his election to the House Mr. Dewey had served as an Assistant Secretary of the Treasury and as the American Ambassador to Poland. In his home city he had had a wide and successful experience in the banking business. That splendid background of national and international finance was supplemented by his service on the committee of the Congress which devoted much time and attention to the subject of international trade. I feel that the views of such a man on the subject of the British loan should carry weight with his former colleagues in the House. This is what he said when he appeared before the House Banking and Currency Committee when it had under consideration the Senate resolution to extend a line of credit to Great Britain:

I do not believe that this country can live alone, a free-enterprise state, in a world of state-controlled economies. I feel sure that no matter what may be the political color of the administration, it would be forced to make foreign treaty arrangements in contradiction to our concept of free competitive enterprise. That is my main reason for believing that the British loan agreement transcends most objections. It is about our last opportunity to help the bilateral countries out of their dilemma and have them rejoin us in our policy of free enterprise and the unhampered flow of world goods.

In fact so many individuals and so many organizations with divergent views with respect to the proper solution of domestic problems have united in endorsing the loan to Great Britain that it is difficult for me to understand the present opposition in the House to the proposal. I shall not attempt to enumerate the individuals who favor the proposal but a partial list of national organizations which have done so are:

American Association for the United Nations, American Association of University Women, American Farm Bureau Federation, American Federation of Labor, Americans United for World Organization, American Veterans Committee, Committee on Education for Lasting Peace, Congregational Christian Churches, Congress of Industrial Organizations, Federal Council of Churches of Christ in America, Freedom House, General Federation of Women's Clubs, United States Associates of International Chamber of Commerce, Lace and Embroidery Association of America, Motor and Equipment Manufacturers Association, National Council of American Importers, National Council of Jewish Women, National Farmers' Union, National Federation of Business and Professional Women's Clubs, National Foreign Trade Council, National League of Women Voters, National Peace Conference, National Republican Club, National Women's Trade Union League, Research Committee of the Committee for Economic Development, Overseas Automotive Club, Tobacco Association of the United States, Union for Democratic Action, United States Chamber of Commerce, Women's Action Committee for Victory and Lasting Peace, World Alliance for International Friendship

Through the Churches and the Church Peace Union and Young Women's Christian Association.

The suggestion that we cannot finance the loan without impinging upon domestic obligations is without validity. The line of credit provided by the loan will amount, at most, to a claim on two-fifths of 1 percent of our gross output for the 5-year period over which it may be used, while the interest rate of 2 percent is 0.17 percent more than the present cost of borrowed money to our Treasury. The Senate resolution authorizes the Treasury Department to set up a credit on its books for the United Kingdom in the same way that we financed the RFC and numerous other domestic undertakings. Bonds are then issued by the Treasury Department which become, of course, the obligations of the Government and which must be kept within the new statutory debt limit of \$275,000,000,000. But direct and what might be termed competing appropriations by the Congress are not required. And it must likewise be remembered that only a part of the proposed loan must be financed by the Treasury Department in any one year since the United Kingdom draws on this account as an individual does on a line of credit extended to him by his own bank. The United Kingdom has agreed to use none of the funds for the payment of existing debts and, of course, the United States is the only country in which an American dollar can be redeemed. In other words, every dollar of the line of credit drawn by Great Britain will either be spent directly for purchases in this country or will eventually return to us in the normal settlement of international balances.

Among the penalties which might be listed for refusing to make the loan would be shrinkage of our foreign trade, violent readjustments of our production pattern, especially agriculture, and the inevitable curtailment of our over-all output upon which any program of an expanded economy must of necessity rest. We would lose heavily in economic liberty to a procedure that can be followed with success only by close regimentation of production as well as trade. Most of all, we would lose in prestige through demonstrating that we are still unprepared to exercise the world leadership to which our stature, as the possessor of almost half of the world's economic capacity, entitles us.

The blow to the international prestige of Great Britain would be as severe as it would to us. It would be tantamount to saying that we do not trust the honesty of the British; or that we had no confidence in the economic survival of Great Britain; or that we were deliberately abandoning a valuable ally of two world wars, on the ground that our way of life leads in one direction and the British way of life in another.

The honesty of the British people is too well established to need defense at my hands. What a small group of islands, that could be laid down in the State of Texas with an area as large as Virginia left over, has accomplished in the past is the best token of what they can accomplish in the future if not called

upon to pay too great an economic penalty for their determination to fight on land, on sea, and in the air until we win the victory. The charge has been made but not substantiated that Great Britain is headed for socialism and an era of state trading. That charge originated with certain newspapers which were before the war and have been since the war opposed to any form of international cooperation. They object to being called isolationists, but that word most adequately describes their viewpoint. It was Mr. Bevin of His Majesty's Government and not a representative of our State Department who first bluntly announced to the Soviet Union that with respect to the spread of communism in Europe and violations of the provisions of the Atlantic Charter and the Constitution of the United Nations, which guaranteed the integrity of small nations, there would be no program of appeasement. Last winter when I was discussing with Mr. Churchill in Florida the proposed loan to Great Britain, I asked him if the labor government of the United Kingdom would undertake to substitute socialism for democracy, and he promptly replied: "Absolutely not, and if the Labor government undertook such a program it would be voted out of office overnight."

On the contrary, the Labor government of Great Britain is an active partner with us in the general program of international cooperation as the foundation for a lasting peace and the preservation of democratic institutions, which included the United Nations Relief and Rehabilitation Administration, the Food and Agricultural Organization, the International Monetary Fund, and the International Bank for Reconstruction and Development, and has further agreed to unite with us in the calling of a World Congress on International Trade, the purposes of which are to implement the provisions both of the Atlantic Charter and the constitution of the United Nations, which recognize that friction over international trade, the denial of "have-not" nations to proper access to raw materials, and the export of unemployment by means of high tariffs, embargoes, cartels, and currency manipulations are the most fruitful causes of war.

In a word, I can find no logical basis of opposition to the proposed loan. I do, however, find an illogical one, which was presented at great length to the House last Monday by the chairman of the powerful Rules Committee and a recognized administration leader and spokesman, who consumed 25 minutes of the 30 minutes allowed the majority in opposing the position which the President of the United States and an overwhelming majority of the House committee handling the bill had taken. The essence of his plea was that we should refuse this loan to Great Britain as a means of expressing our displeasure over the manner in which Great Britain was administering the mandated area of Palestine.

I do not know of any citizen of our country who wishes to give up that citizenship for residence and citizenship in Palestine. I do not know of any Member of this House who would stand on this floor and say that he thinks it is



the right and privilege of Great Britain to tell us what our immigration laws should be with respect to the admission to this country of Jewish refugees from other countries. It necessarily follows that it is illogical, as well as inconsistent, for us to attempt to dictate to Great Britain in a way which we would bitterly resent, or to put the welfare of a limited number of people of other nations above the welfare of 140,000,000 of our own people.

In voting on this issue I am not the keeper of the conscience of any other Member. I am convinced that ratification of the Senate resolution will be to our best interests. Those who elect to put the best interests of other nationals first, or of the Soviet Union first, or who cling to the shadow of international co-operation while repudiating the substance, are answerable to their own consciences and their own constituents.

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON of New Jersey. Mr. Chairman, today this House is face to face with a postwar situation demanding solution. It is so important to future world stability, upon which peace is based, that prejudice and nationalistic emotions have no rightful place in influencing the decision to be made.

No one who has given careful consideration to the financial insecurity that now exists throughout the world, as an aftermath of world war, can fail to recognize that some remedy must be found to alleviate that condition. Failure to do so will force the nations of the world into an economic warfare that can be almost, if not entirely, as devastating in its economic effect upon world stability as the devastations of actual war.

The agreement between the United Kingdom and the United States, now under consideration, is advanced by these two nations as a method of solving some of the acknowledged detriments to world trade in the postwar period. The objective of the agreement is to clear the channels of trade so that there may be a more free access to world markets. The benefit to be derived, if the objective is attained, will enure not only to the two contracting parties but also to many other countries, now prevented from enjoying freedom of action in matters of trade with our own and other nations, because of restrictive monetary or other economic conditions, created by war necessities, that bind them to the economy of Britain.

Thus, the agreement is not solely for the benefit of the United Kingdom and it is also more than a mere loan upon our part. It provides that our Nation shall receive benefits by the revision of restrictive trade policies, now in effect throughout the British Empire, that handicap and restrict our Nation in the conduct of our trade with Britain and the countries that are a part of its Empire, and likewise with other countries that have come within its economic sphere of influence. A continuance of existing restrictions will seriously interfere with the expansion of our foreign

trade. With the elimination of these barriers to trade, as provided for in the agreement, our opportunity to do business with all nations is increased and we are thereby enabled to provide greater employment for the people of the United States.

In view of the continual and aggressive assertion of some, who oppose our entering into the agreement upon the basis that it will be harmful to our economy, it is particularly important to emphasize the fact that the terms of the agreement, as and when they are given full opportunity to be effective, should and undoubtedly will result in a large part of the money advanced being spent directly for American goods. Consequently our industries and our workers would benefit from it. This fact cannot be emphasized too strongly. While this is true with respect to every section of our country yet it is particularly true in the great industrial State of New Jersey, and the First Congressional District of that State, because of the many products of our great industries that find their way into foreign trade.

During the course of debate strong emotional pleas, based upon nationalistic considerations, have been made by some who oppose our entrance into the agreement. Without attacking, or even questioning, the sincerity of those making such appeals I feel that we must consider the question from the standpoint of conditions as they are now in this disturbed and chaotic world. We have given as a Nation unstintingly of our wealth, material resources and the precious lives of our best manhood in a cause that seeks to fix freedom, based upon democratic principles, as the ideal. This Nation has become the leader in this great struggle. Whatever may be the motives that have prompted other nations in the part they have taken, or are now taking, it can never be said that the United States has been actuated by any base or ignoble purpose. There has been no desire for material gain of any kind whatsoever. Our only purpose in making the sacrifices that we have made is to gain acknowledgment of noble ideals that would bring peace and security to a troubled world.

Today, we are happy in the thought that we have won the war. We must now win the peace. To win the war and then lose the peace would mean that all of our sacrifices have been in vain. Therefore, our duty is plain. We must now attack the problems that confront us, as the aftermath of war, with the same fervor and indomitable spirit that characterized our participation in the armed conflict. The problems are numerous and varied. They are of every conceivable kind and character. A proper solution of these problems is necessary if we are to have a peaceful world in the years to come. These are critical times. Our Nation cannot retreat from its position of leadership in world affairs. Nor can we forsake the cause for which we fought. To do so is to bring incalculable distress upon the peoples of all nations.

My colleagues, as I look into the future, I am convinced that it is our duty, as a nation, to enter into the agreement now

under consideration by this House, to the end that stability be encouraged and made possible in an insecure and uncertain world. There will be undoubtedly many other steps that will be necessary for this Nation to take before the ideal of peace is secured, but today this is the step that in my opinion must be taken if we are to fulfill our responsibility in promoting world peace.

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Chairman, we will all be able to keep the United States of America if we do not give it away.

We are considering at this time a problem that is far greater in scope than the idea of giving Great Britain \$3,750,000,000. The fact of the matter is, the amount requested for Great Britain is \$4,400,000,000.

Let me say that I hold no animosity toward Great Britain or any nation on the face of the earth. I would like to help every nation, but I want to see it done on terms that are sound, sensible business, ever bearing in mind that it is my duty to guard the interests of America and the American people. I do not propose to be a party to doing anything that is going to tear down America and make it a vassal of some other nation, and if I voted for this proposal, which some of you call a loan and which I feel confident is nothing but a gift, I would be doing the wrong thing for my people and my country.

I cannot convince myself of the fact that our country, under present conditions, should jeopardize its own welfare for the salvation of any nation in all the world, regardless of what that nation may be or from what hemisphere. The June 28 statement of the Treasury Department for the year ending June 30, 1946, records our national debt as being \$269,898,484,032.56. Our loss for the year just closed was \$21,980,829,182.94, excluding public debt retirements. Do any of you say we are financially sound? Where will you get the money? To make such a huge loan requires assurances of repayments. We have none. It requires some collateral as safeguards. We were offered none. Congress has been foolish in spending and squandering long enough for our own safety. It must stop, and stop now. We have come to the danger line long ago, but you do not seem to realize that.

Let me ask some questions regarding this loan agreement.

First. Who was responsible for working up such a proposed agreement? Clayton, Vinson, Wallace, Crowley, Symington?

Second. What authority did they have?

Third. Why did they consider such a large request? It is unprecedented; too large and unusual.

Fourth. Why did they extend time for 50 years for so-called repayment?

Fifth. Why did they agree to forego interest for 5 years?

Sixth. Why did they offer a rate of 1.6 percent interest to Great Britain when

we charge our people, and especially loans to GI's, more interest than that?

Seventh. Why did they forego interest in any year Great Britain did not have a favorable trade balance?

Eighth. Why did not the Secretary of State and Secretary of the Treasury give some consideration to our country and our financial position?

Ninth. Why did not the ones who wrote the agreement ask for collateral? Great Britain has much collateral here in this country and abroad.

Tenth. Why did the agreement imply free trade with Great Britain and other countries?

Eleventh. Why did they cancel in the agreement all lease-lend over \$25,000,000,000? Who gave them that authority?

Twelfth. Do you think they have any idea any part of this loan will be repaid?

Thirteenth. Would it not be sound, simple business to offer a large loan of \$800,000,000 or \$1,000,000,000 with collateral as Jesse Jones suggested. Then if they repay that loan and need more, we can loan them an additional amount at that time if we have the money and it seems advisable. Jones says they now have collateral on hand at the RFC to safeguard the loan.

Fourteenth. If this loan is granted, what will you say to Russia, France, Poland, Italy, Spain, and many other countries when they come to us for large, unsound loans? This is a precedent, a dangerous precedent, and a most unusual procedure. It should not be approved in its present form.

Fifteenth. If we have free trade with foreign countries, how will America compete in the field of manufactured articles and agriculture when we pay wages four or five times larger than other countries? It cannot be done. Wages will be reduced; industries closed down. Great Britain will have our money, and our people will be asking Great Britain and other foreign countries for wheat, bread, soup, and clothing in a few years to come if we tear down our own financial structure.

Why not sell bonds to float a loan to Great Britain? If the public want to buy the bonds and assume the responsibility, it is up to them. Sell British bonds, with interest payable in dollars, or let our bankers handle the transaction, just as they always have done. Why not do it that way?

To make this gift and add this great amount of money to our national debt is going to pass the burden on to our children and our children's children. If we are not big enough to handle the affairs of government today, then let us get out and let somebody come to Congress who can. Let somebody come here who can look after America—the rights of America and the American citizens.

I claim that this bill is unconstitutional. To give away funds to some foreign country and tax your people without their consent to raise the money to pay the bill is not right, just, and I believe is unconstitutional. Let the people back home vote on this proposal, and see how many want to reach down in their pockets and pay \$25 per capita to Great Britain when they now have a national debt of \$2,000 per person, and this means

every baby to the oldest person in the land. Does it make sense? Is it right, and is it just? I say "No," and I am against this proposal and shall vote against it. I feel this is adding insult to injury in creating a national debt far beyond anything dreamed of before the New Deal came into existence. The New Deal has just about taken us down the road to bankruptcy by giving everybody everything he wanted without doing anything to earn it until today we have all the nations of the world with their hand out asking America to finance them. Great Britain, with a socialistic government now taking over the railroads, the coal mines, and the public utilities, wants us to pay the bills. None of it for me, and none of it for the people I represent. If the people of my district want legislation of that kind and to give everything away, I am not the one to represent them because my desire is to look after their interests so that everyone—even to the humblest home—may be raised to the highest level of prosperity. I want the people who work by the sweat of their brow to maintain themselves and their families and have everything this country can afford to give them.

This bill will injure every workingman in America. I am going to vote against it, and hope there will be enough votes against the proposal to send it back to committee. This should be notification to the nations of the world that it is time to go to work and try to handle their affairs in a business way without looking to Uncle Sam to take care of them. Uncle Sam is as bad and probably worse off, financially, as any nation in the world and it is time to stop our squandering. Again I ask you: Where are you going to get the money?

Mr. SPENCE. Mr. Chairman, I yield 15 minutes to the gentlewoman from Connecticut [Mrs. WOODHOUSE].

Mrs. WOODHOUSE. Mr. Chairman, we have been debating the question of the proposed \$3,750,000,000 credit to Great Britain for the better part of 4 days. No new arguments against the financial agreement have been presented. There was nothing new which could be brought forward. For months the matter has been under public discussion. Every one of the main criticisms has been answered. Labor, bankers, agricultural leaders, manufacturers, the church groups, women's organizations, all have spoken in favor of the loan. No important opposition was represented at either the Senate or House committee hearings. In addition to the report from the House Banking and Currency Committee, the House Special Committee on Postwar Economic Policy and Planning, in its report of November 12, 1945, stated:

The objective of American policy should be to assist the United Kingdom to return to a less restricted system of trading as soon as possible. This, of course, will require financial assistance from the United States in the transition period.

The opposition is largely traditional and emotional. Arguments on this floor against the financial agreement have not been couched in terms of current economic world conditions. Perhaps the real basis for the opposition is psychological. We in the United States have

not yet learned to think of ourselves as a creditor nation. We do not, as yet, always think of ourselves in terms of the responsibilities of the greatest and richest country in the world, the country which alone has the power to determine whether or not the democratic, free enterprise system will expand or decline. We are a bit startled at the many demands for help made upon us. The same condition in reverse holds for Great Britain. There the people have so long thought of themselves as citizens of a creditor country that they are startled at their Government asking for financial aid. Nevertheless, the House of Commons voted 345-98 and the Lords, 90-8 to accept this agreement. I hope and expect that we will likewise vote to accept.

Now what of specific objections? I should like very briefly to note six which have been brought up in this debate. Every one is based on misapprehension or on a traditional reaction. Each one is refuted by the facts.

First. It is claimed that this credit would be inflationary. Now, of course, inflation occurs when purchasing power is in excess of goods. This credit adds little to our total purchasing power. Secretary Vinson stated at the hearings that the credit proposed is less than one-half of 1 percent of the aggregate expenditures of our country for the next 5 years, on the basis of our national income of \$150,000,000,000. Further, he said that over two-thirds of what the British will spend in the first year, the vital period from the inflationary point of view, will be for commodities in easy supply. The National Advisory Committee on International Monetary and Financial Problems has listed as being in the category of goods where productive capacity is greater than our domestic demand: Railroad equipment, machine tools, power and transmission equipment, certain types of general industrial machinery, some metals, heavy chemicals, crude synthetic rubber, and other industrial materials; also cotton, tobacco, and certain other agricultural products. It is fortunate for us that this excessive productive capacity is in areas where there will be an export demand.

Second. It is claimed that the loan is more than we can afford. It will cost too much. Our debt is heavier than that of Great Britain, and so on. Now what are the facts? Absolute figures alone have little meaning. A debt is burdensome or not in relation to the total wealth of the debtor.

At the end of 1945 with our debt at its peak of roughly \$280,000,000,000, some ten billion of which has since been paid off, the national debt of the United States was 1.73 times the national income of 1945. The debt of the United Kingdom was 2.65 times its national income. Our interest payments on debt were 2.5 percent of our national income; the British interest payment, 5.09 percent of their national income.

The per capita debt is almost the same—United States, \$1,988; United Kingdom, \$2,029—but in relation to national income the British debt is 50 percent higher than ours and the total interest paid on the British debt is 100 percent higher than ours.



Our debt involves no question of foreign exchange. We owe it to ourselves. Britain owes great sums for war materials and food to other countries.

The rate of interest on the loan to Britain is 2 percent. It is estimated that the net rate will be from 1.63 percent at the lowest to about 1.87 percent. This is a trifle less than we pay on money we borrow, as our Treasury pays an average rate of 1.97 percent on the United States public debt. But the direct and indirect benefits of the credit, the betterment of foreign trade, will increase the income of the American people. With greater trade Government revenue will be increased. Thus it seems very likely that there will be little or no cost due to the slight difference in the rate we pay for money, and the rate we receive from the British.

We are not a poor country. The United States now dominates world industry. In 1890 our production was 22.5 percent of world production. This rose to 42.1 percent in 1929, and to 60 percent in 1946.

In the words of the New York Times editorial of day before yesterday:

The credit is, in short, to be extended to a good customer who would otherwise cease to be such; to a friend who would otherwise be unable to cooperate to set free the world's trade; to American manufacturers and farmers who will profit by producing for export; to American workingmen who will lose if we bog down in another world-wide depression. Like every sound credit, it will benefit all concerned.

Third. It is objected that Britain did not pay the debts of World War I. I will not go into the figures. They have been given in the Appendix to the RECORD, pages A3653-3654, several times in the past weeks and show what a large part of the debt actually was paid. But let me emphasize that the amount paid by Britain to the United States was \$2,034,000,000 of the \$4,250,000,000 debt, while the amount received by Britain from her own debtors for war debts was only \$346,000,000 of the \$7,800,000,000 owed her. What is important to remember is that we refused to accept payment in goods, the only way the debt could be paid. We insisted on gold, in spite of the fact that when we got it we could not think of anything better to do with it than bury it. We raised our tariff in 1922 and 1930. Woodrow Wilson, when he vetoed the Fordney Act in 1921, warned that if we raised our tariff so that other nations could not sell here they would have no means of repaying their war debts. Even so, Britain paid in full until 1931, when the world-wide depression made further payments impossible.

And again, let us not forget that the debts of World War I were for war matériel, for goods shot away, destroyed. The line of credit under discussion is for a constructive program, for building up production and world trade. Its very terms carry the means by the results of which it will be paid.

Mr. Clayton, in testifying before our committee said: "If we can restore the trade of the world to a multilateral basis so that the markets of every country would be open on equal terms to every

other country then I think the trade of the world will increase so greatly that Britain will be able to repay not only the principal but the interest on the loan."

The terms of the agreement do provide for such multilateral trade. The loan will be repaid. But even if there were a risk it would be well worth taking. The figures purporting to be the cost to each town and county which have been presented here have no value beyond an exercise in division and multiplication. We are not going about with a basket collecting \$3,750,000,000 on a per capita basis from each person in the country. With our present tax structure the risk will not be met equally by every citizen regardless of income. Our actual risk is a total of some \$140,000,000 a year. It has been estimated that this would mean at most a risk of \$169 additional annual charges against each corporation having a net income of \$100,000 or over, and \$6.94 additional tax for each person with an income of \$10,000 a year. Personally, I feel that \$6.94 a year is a very low premium to pay on an insurance policy for peace especially since, in light of the testimony we have on repayment, the chances of my having to pay it are so slight.

Fifth. It is objected that there is no collateral.

It is true that Britain still has some foreign investments over and above those pledged with the RFC loan. I refer you to the excellent statement made yesterday by the gentleman from Oklahoma [Mr. MONRONEY]. But insisting on having these remaining investments put up as collateral would defeat the very purpose of the loan in hampering British economic readjustments. Foreign investments have been the second largest item in balance of payments. Britain must have real control of these earning assets and freedom in their use if she is to make an economic recovery. Such recovery is the real security for repayment. Moreover, such collateral would, without question, cause political friction, especially since large amounts of these investments are in countries other than the United States and such countries could hardly look with favor on our control of such investments.

Moreover, and more important, this is not a commercial loan. It is a fallacy to discuss it as if it were on a par with a loan by the First National Bank of Cross Corners to the local factory. This credit is one part, and one part only, although the implementing part, of an agreement whereby the trade of a very large section of the world would flow freely and unrestricted by economic warfare in the shape of exchange controls and other such restricting techniques.

It is true that Britain still has some gold and some dollars. In 1937 these reserves totaled \$4,000,000,000. On January 1, 1946, Britain held gold reserves of \$1,949,000,000, of which \$45,000,000 was in the United States. In addition, England held balances of \$375,000,000 in American banks. This net gold and dollar reserve is \$1,900,000,000. But note, this is the reserve for the entire sterling area. Relative to the volume of foreign trade it is the smallest gold reserve in any trading country today. Before reducing this reserve Britain would cut her

essential imports to a level even below that of wartime and so restrict our international trade. A case for such collateral cannot be made. It would retard, if not make impossible, economic recovery in Britain.

Given present world conditions, no one who looks at the facts can disagree with the statement that the continued maintenance of our economic life on a high level depends as much on the economic recovery of Britain as our security from ultimate military attack in the war turned on her stand when the Luftwaffe was dropping bombs on British munitions plants and we were tooling up in ours.

Sixth. Some object on the grounds of British imperialism. Others claim that we will be financing British socialism.

It is interesting that objections in Great Britain also spring chiefly from the Conservatives and Imperialists and from the extreme left labor group.

Reference was made by the gentleman from New York [Mr. CELLER] on this floor to a poll in the Daily Express, of London, to the effect that 81 percent disapproved discontinuing the British practice of imperial trade preference. No reference was made to the fact that this paper is owned by a strong Imperialist.

Quoting a poll in his paper as evidence of British opinion is very like quoting the Chicago Tribune as representing all the United States.

Actually, the provision of this line of credit will lessen imperialism. Without the loan, Great Britain would be forced to tie the Empire to countries and the colonies to her by every economic means possible. The loan by making sterling convertible, by discontinuing exchange controls and import quotas definitely makes for less rather than more imperialism.

We are not financing socialism. If Britain should nationalize any of her industries, payment will be in British bonds in terms of pound sterling and will be paid for by receipts from taxes or from borrowing from individuals or banks in pounds. Dollars are not necessary nor acceptable for nationalization.

The extreme left is opposed to the loan because they know that the economic situation in Great Britain has been a major cause of turning to the state for aid in a crisis. With revived exports, there will be less demand on the part of the public for state control.

Incidentally, we would have a much truer picture if we would use the word the British themselves use and talk of the British Labor Government, instead of socialist government. And it might be well for some of us to remember that very recently at the Bournemouth Conference, the official delegates of the British Labor Party voted their strong opposition to any form of alliance with the Communists. And moreover, we sometimes seem to forget that the British Labor Party rose to power as the result of a peaceful election, not a revolution.

Seventh. It is objected that the loan will be a precedent for loans to every other country.

It would not. Other loans may be needed, but their justification will not be

based on the fact that this financial agreement is accepted. No other country has the same crucial position in world trade as has Great Britain. Except for the dollar, no other currency has the position of the pound sterling. The role of the pound sterling in international trade clearings, the large proportion of world trade carried on by sterling area countries—before the war one-fifth of the entire trade of the world moved in and out of the ports of Great Britain—the dependence of Britain upon imports for its very life, puts Britain in a unique position and makes her financial and trade policies of utmost significance in determining what shape the economic structure of the world will take.

Without the loan and with Britain desiring so or not, a structure of controls, restrictions, eventual economic warfare, and much too likely, ultimately actual warfare and destruction of civilization will result. With the loan, we would have a structure of free enterprise, competitive, freely flowing international trade, increased production, higher standards of living, and peace. In brief, with the loan our chances are very good for international trade conducted in accordance with American policy of foreign trade which, we should remember, was for long centuries the British tradition also until Britain was forced to change as a result of economic forces let loose after World War I.

Mr. Clayton when before our committee, stated that with the agreement in effect we would have multilateral trade and no bloc in that part of the world comprising 33 percent of the world area, 87 percent of the population, and 95 percent of the world trade. The Soviet Union and countries with which it has bilateral agreements cover 17 percent of the area of the world, 13 percent of the world's population, and less than 5 percent of international trade.

These figures tell their own story and provide their own argument for granting of the line of credit.

So much for the more usually voiced objections. What of the positive side of the argument? Why make the loan?

Economic cooperation is as essential as political cooperation if we are to provide a solid basis for peace and security.

Military experts have studied the atomic bomb and have summed it up: "The only sure defense of the country is now the political defense." To be quite accurate they should have said politico-economic defense.

Our current job is to build a new world economy, based on a higher level of production, of employment, and of national income. War is less likely in a world where all people enjoy a reasonably high standard of living than in a world torn by poverty.

For world prosperity we must have expanded international trade. This means we must have trade on a multilateral basis. And we can have trade on a multilateral basis only if the sterling area is open to competitive foreign trade. Britain cannot risk the loss of the protection given by the wartime conditions of exchange unless she can be assured of dollars to secure essential food and raw materials during the transition pe-

riod in which she is building up her exports. Britain is not broke as has been claimed. She has already made a remarkable come back. Her people have accepted life on a level of austerity which few of us who have not been in England and seen it for ourselves, fully realize. Dollars are needed to restart the functioning of foreign exchange, to make sterling again freely convertible, to implement the Bretton Woods institutions to which we give such an overwhelming vote in this House.

Canada is prepared to extend credit of \$1,250,000,000 to Britain on terms similar to ours. In relation to her population, less than 10 percent of ours, and her income, a little more than 5 percent of ours, this is a loan relatively much larger than the one we are discussing.

This loan will enable Britain to purchase goods and services needed for her economic reconstruction from the United States, to meet the deficit on her current balances of payments representing the excess of imports over exports during the transition period, and to still maintain adequate reserves of gold and dollars necessary for the stability of her foreign trade.

The loan would help other countries. For example, the press quotes DeValera as hoping Congress will approve it because the loan would greatly help the economic stability of Great Britain and this in turn would aid Eire, which is dependent on Britain for most of its trade.

What do we gain? In the economic field we gain foreign trade necessary to full employment at home. But more important we take our proper place as leader in the defense and strengthening of the democratic, free enterprise system.

It is true that only some 10 percent of our total business is in exports. But that is an over-all figure. There are many specific industries in which employment depends on export.

For example, in the years just before the war we exported the following percents of our total production of certain commodities: Dried fruits, 34 percent; rice, 20 percent; leaf tobacco, 30 percent; wheat and wheat flour, 12 percent; raw cotton, 31 percent; turpentine, 39 percent; refined mineral oil, 11 percent; refined coffee, 54 percent; passenger cars, 6 percent; trucks, 21 percent; industrial machinery, 14 percent; agricultural equipment and machinery, 15 percent; office appliances, 20 percent. Every geographical section of our country is covered by this partial list of exports.

The United Kingdom has been our best customer taking some 17 to 18 percent of our exports. Canada comes second with 16 percent and the entire group of British Empire countries have taken some 40 percent of our total exports.

There has been amazing unanimity among all our occupational groups as to the value of the loan to our economy.

William K. Jackson, president of the Chamber of Commerce of the United States, speaking for his board of directors, endorsed the loan saying:

This credit is an essential element in the program for the revival and expansion of foreign trade to a volume necessary for the

maintenance of a high level of employment under normal peacetime conditions.

Without the loan rival economic blocs will be inclined to engage in a cut-throat struggle for world markets. We fear that under such circumstances maintenance of world peace would become increasingly difficult.

Thomas J. Watson, president of International Business Machines, telegraphed on July 9:

Based on 35 years of experience in international trade, I consider the proposed loan to Great Britain of major importance in the expansion of the United States foreign business. I believe the British loan is essential to the establishment of a permanent peace and an economic stability fair to all countries.

The American Farm Bureau Federation has endorsed the loan, for in the words of President Edward A. O'Neal:

American farmers are vitally interested in world trade. A loan to Britain is good business for American farmers and the United States as a whole. The loan is one of the necessary stepping stones in developing a secure economic foundation upon which to build an enduring peace. It would be a tragic mistake if the loan is not approved.

In brief, this is a two-sided agreement. The United States helps Britain to reconvert to peacetime economy and Britain agrees to support the United States policy for releasing trade from controls and restrictions all over the world. This is in line with the objective of the Atlantic Charter: "To further the enjoyment by all states of access on equal terms to the trade and raw materials of the world." It also has the goal of increasing trade and employment everywhere by speeding the transition from a system of wartime controls in international trade to a condition under which free enterprise can flourish.

Paragraphs 7, 8, and 9 of the agreement contain precise commitments by the British Government as to the time and ways in which it will liberalize its regulations and remove discrimination in the operation of sterling-area exchange arrangements, and in import arrangements. Paragraph 10 covers commitments dealing with the treatment of the war-created blocked sterling balances. These commitments are of direct benefit to the United States. They will enable American exporters to compete freely in foreign markets over almost the entire world, an advantage that they have not had for some 15 years. This would come with the abolition of the dollar pool, the convertibility of sterling, the removal of discriminations in British trade and the handling of the blocked sterling balances so that all sterling countries could buy freely in the United States.

The cost to the United States of refusing the loan would be a shrinkage in our trade, violent readjustments in our production of goods of which a considerable percent has been exported and a reduction in our employment and output below what it would be with expanding trade. And, remember, this country could not stand alone as a free-enterprise nation in a world of state-controlled economies. Eventually we would find our foreign trade, of necessity, more and more under Government control.



There is a deeper stake in this British credit than trade figures. We are discussing not a mere loan. We are discussing the future of civilization. That is not a grandiloquent statement—it is a fact. For what the loan provides is an economic condition which will permit Britain, the British Commonwealth of Nations, the British colonies and the countries of the sterling area to join with the United States in making certain that economic warfare is outlawed and that we will have an unhampered flow of goods between nations. This is the prerequisite of world prosperity and a necessary foundation for economic peace without which there can be no hope of avoiding war.

In this country we know little of the stark tragedy of war. We have been fortunate. In the next war we will not have the protection of distance. Our very engineering skill has made it certain that if there is a next war our cities will be bombed, our lands devastated, our people facing starvation as are people of other areas in the world today. And there would be no prosperous America to help rebuild the postwar economic structure of the world. Civilization as we know it would be lost.

In discussing this British credit let us think not merely in terms of rate of interest, of repayment. These factors have been cared for. Let us not confuse loans by private financial institutions to our veterans with international financial agreements. Let us differentiate clearly between traditional reaction and present day realities. Let us think as citizens of the greatest and richest country in the world. Let us remember the responsibility which goes with riches and power. Let us remember that what the United States does in the next months and few years to come, in no small way will determine what the world will be like for many decades to come—whether we will have misery and war or prosperity and peace.

A vote for the British credit is a vote for a chance that our grandchildren will live in a world of peace. That is a chance for which anyone who is devoted to America, who believes in our democratic system, will be willing to pay a price much greater than the one we are discussing today.

Mr. GAMBLE. Mr. Chairman, I yield 15 minutes to the gentleman from Massachusetts [Mr. HERTER].

Mr. HERTER. Mr. Chairman, at the very outset let me say I concur with every single word that was said by the distinguished gentleman from New York [Mr. WADSWORTH] when he so eloquently pointed out the plight of one of our allies and pointed out the absolute necessity for giving a helping hand with working capital.

Mr. Chairman, I shall vote for the resolution now before us approving the British financial agreement.

Like many another Member of this House I have come to my final decision only after a very careful consideration of all the various factors involved. It seems to me that any Member of the Congress in attempting to reach a final decision, provided he were trying to do so objectively and not with either fear or hate of

England in his heart, must first determine whether or not this loan is purely an ordinary business transaction or whether it is an essential cog in the implementation of our foreign policy. To my mind, it is clearly the latter. Not only do I feel that it is an important cog in our foreign policy, but I likewise feel that in the long run this Nation will receive very substantial benefits from its acceptance.

I cannot subscribe to the theory that merely because we have made such a credit to Great Britain as that here contemplated we should be obliged to make similar credits on similar terms and in comparable amounts to other nations.

The situation of the British is unique in several respects. In the first place, the British Isles are obliged to import between 40 and 60 percent of their food. This means that it is absolutely essential for them to render services to or trade with foreign nations in order to get sufficient foreign exchange to keep themselves alive. Only three other major nations of the world have in recent years had a comparable situation—Germany, Italy, and Japan. We know what the fear of being cut off from food supplies helped do to free democratic institutions in these three countries. In the war of ideology which is taking place over the face of the entire globe, we certainly do not want to do anything which might force the British, even though we may be somewhat out of sympathy with some of the actions of their present labor government, to take to totalitarian ways in desperation. Let us not forget that the alternative to granting the dollar credits will require on the part of Great Britain an ever increasing measure of governmental control over all her imports and exports—a control as absolute as that of any totalitarian nation, and one which will be certain to reflect itself in her domestic policies.

In the second place, Great Britain was the only major nation which as a result of her participation in the war, contracted a very heavy foreign debt. Not only was she obliged to liquidate many of her dollar balances abroad, but she was forced to borrow from many of the nations now constituting the sterling bloc in order to pay her essential war expenditures. She was absolutely incapable of producing within her own borders what she required to carry on her share in the war effort, and that share can best be testified to when we remember that Great Britain alone was carrying the entire burden from the fall of France to the entry of Russia. Had Britain collapsed or faltered at that time, the course of history would have changed in such a way that the risking of the dollars we are now discussing would seem microscopic in comparison.

Much has been said on the floor of this House with respect to interest rates, the term of payments, the so-called escape clause on interest payments, and the lack of collateral. If we were discussing a business proposition, all of the objections that have been offered might well have some validity. If, on the other hand, we adopt the concept that this credit is essentially a political matter, then the terms and conditions are of

much less importance, and we can rest content with the assumption that in the bargaining process the negotiators on behalf of the United States reached the best agreement of which they were capable.

Why should we be interested in the political implications of this credit? The answers, to my mind, are comparatively simple.

No Member will deny that peoples everywhere are struggling to resolve what is in effect a form of ideological warfare. More than any other nation, we are clinging to the ideology of free enterprise because we are convinced that only through the mechanism of free enterprise and free economies can the individual remain spiritually and politically free. The opposite concept, namely, that of regimentation of enterprise, of economies, of thinking, and of behavior, has gained very considerable ground. It even finds a powerful minority of sponsors in this country.

Very clearly, the political and economic effects of the British credit will help us to enlarge the area of free enterprise. If we were to receive nothing else in return for the credit than the break-up of the sterling bloc and the dissolution of the dollar pool, we should be getting an extremely valuable quid pro quo. But we hope we shall get the economic stability that comes from the successful working out of the Bretton Woods agreement, a stability that is essential if free enterprise areas are to be restored to the continent of Europe and to many other nations of the world.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield.

Mr. GAVIN. I have a very high regard for the gentleman's opinion on this very important question. I would like to ask him whether or not he will permit me to read three quotations which appeared in the New York Time of June 12, 13, and 14, and I would like to have the gentleman comment on those quotations.

Mr. HERTER. I hope the gentleman will make it as brief as possible because my time is limited.

Mr. GAVIN. These statements are attributed to Mr. Bevin in the course of a major address by Mr. Bevin, Great Britain's Foreign Secretary. He said:

America may be a capitalistic country, but that does not mean she will always be. There are great forces moving in the United States, and when they move they move very quickly.

Again he spoke as follows:

Russia is Socialist, we—

Meaning the British people—

are partly Socialist, and America can believe in private enterprise. The great task of the moment is to weld these forces together.

Further on he said:

There are minds in America which represent the very flower of liberal and progressive thought when they find its way to the State Department in proposals of this kind.

I wonder if the distinguished gentleman from Massachusetts would comment on those quotations.

Mr. HERTER. I would be very glad to comment on them. They confirm the

very point I am trying to make, although I do not believe the gentleman intended it that way, because I know he is opposed to this resolution.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I thoroughly agree with the gentleman from Massachusetts that the quotations just read by the gentleman from Pennsylvania present a powerful reason why he should vote for this resolution.

Mr. HERTER. I agree fully with the gentleman that the most important thing which we have got to face in this whole situation is whether we are going to try to make an effort to open up the area of free enterprise or whether we are going to let desperation all over the world contract it into totalitarian control. I think that is the great major issue that confronts us here today.

Mr. LAFOLLETTE. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield.

Mr. LAFOLLETTE. As a matter of fact, one can take the other side, that if we open up the world to trade, giving people freedom, it is the privilege of freedom to choose the form of economy we wish. So there is nothing to be guaranteed that the people will do any certain thing in this country that the gentleman fears; but if they choose to take a certain way, it is the privilege of the American people to do it, is it not?

Mr. HERTER. I fully agree with the gentleman.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield.

Mr. AUGUST H. ANDRESEN. The gentleman has indicated that this loan to Great Britain or aid to Britain is different from what it might be to any other country. What answer will we give to these other countries in the United Nations, such as Russia and the others, when they come in and ask for loans?

Mr. HERTER. I am delighted the gentleman has asked that question, for it leads right into what I was about to say. The Russian situation seems to me in no way comparable. In the first place the British have got to get foreign exchange with which to buy food, with which to live; they have no choice. They are either going to die on those little islands just as the Italians would have in their peninsula, and the Japs in their islands, and the Germans within the boundaries of their country, if they do not get foreign exchange. None of these situations applies to Russia.

Secondly, during the war years the countries in the sterling area made many loans to Britain that Britain cannot repay except through her own productivity, and that she has not got under way; these loans cannot be transferred into dollars. One of the principal purposes of the present credit is so that a part at least of these loans in the sterling area can be translated into dollars, allowing those countries to trade freely with us, which they cannot do now.

Mr. AUGUST H. ANDRESEN. Does the gentleman expect the British will do

away with the Empire preference system and bilateral trade agreements?

Mr. HERTER. The two are entirely different.

Mr. AUGUST H. ANDRESEN. We agree to that.

Mr. HERTER. There is a commitment in the loan agreement, an absolute commitment to do away with the sterling bloc area, an absolute condition. That is why we call this a financial agreement, because there are those agreements on the other side.

Mr. AUGUST H. ANDRESEN. Under the lend-lease operations they agreed to do away with the Empire preference system.

Mr. HERTER. Not at all. In article 7 of the lend-lease agreement they merely said they would grant us certain benefits in regard to the easing up of trade barriers if they could be agreed upon, but there was no agreement on the Empire preference system.

Mr. AUGUST H. ANDRESEN. There was only an agreement that they would discuss it.

Mr. HERTER. Quite correct.

Mr. AUGUST H. ANDRESEN. So there is no agreement as far as opening up the Empire to freer trade with us.

Mr. HERTER. If the gentleman will let me proceed, he will find that those are the very things I wish to speak about next.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. HERTER. For the moment I must decline to yield. I am sorry.

I am not here concerned with future trade agreements. The Secretary of State has made it absolutely clear that there are no hidden commitments in the present financial agreement. Any future steps toward the reduction of trade barriers, whether in the form of eliminating quotas or reducing tariffs beyond what is now provided for by law, will have to be submitted to the Congress for approval. The only commitment on this score involved in the present financial agreement is that Great Britain will try to help us to break down some of the artificial governmental restrictions which in the long run would mean the end of international free enterprise.

The final political consideration, and probably the consideration that should have the most weight with all of us, is the consideration as to whether the granting of this credit will be a material factor in helping to solve some of the world's problems by peaceful means rather than by war. I am personally convinced that holding the English-speaking peoples together as a group which will not alone think alike to a large extent politically, but will likewise act alike in international economic dealings, is of the utmost importance. There are already too many cynics in the world who, having seen two world wars in the span of a generation, are convinced that any and all methods of trying to maintain a peaceful world are but futile gestures. I cannot share that view. I cannot help but feel that we should continue to make every effort possible to enlarge constantly the area of nations willing to settle disputes by peaceful means.

If we refused the present credit, we should rapidly drift away, economically speaking, from the sterling bloc. We should undoubtedly foster antagonism which would add to the difficulty of maintaining a peaceful world, and we should certainly force a nation whose role in the war was one of great sacrifice and privation to continue on a considerably lowered standard of living. And at what price would we be doing this? Many arguments have been advanced that the \$3,750,000,000 involved in this credit represents a sum of money which might much more profitably be spent on some form of domestic aid to veterans or to other underprivileged peoples in this country. No argument, to my mind, is more beside the mark than that one.

We are probably spending thirty-eight billions this year, at least eleven billions of which is for our armed services. Many more billions are for veterans of the two wars. A few days ago we voted unanimously for an adjustment of terminal-leave pay for enlisted men which all Members recognized was done in order to equalize a situation brought about by the unfortunate mistakes of the War Department and the Military Affairs Committee. The sum involved in that bill alone will be as great as that of this entire credit. If, as I firmly believe, the granting of this credit will strengthen the position of the peace-loving nations of the world, the amount involved will be puny compared with the cost of war.

In conclusion, let me say that in these troubled days I can think of no act on our part which would give the leaders of present Russian policy greater satisfaction than to see us reject this credit.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Indiana [Mr. MADDEN].

Mr. MADDEN. Mr. Chairman, our membership has been debating the resolution authorizing a loan to Great Britain since last Monday. The Senate, after several days' debate, approved the loan by a vote of 46 to 34. Our House Banking and Currency Committee, after holding hearings extending over weeks, approved this loan resolution by a vote of 20 to 5.

During the period in which hearings were held, representatives of a great number of national organizations testified in favor of this legislation. This included representatives of the AFL, CIO, chambers of commerce of the United States, American Bankers Association, several farm-bureau organizations, and 18 national women's organizations, making a total of over 60 outstanding American organizations which urged the passage of this resolution.

After World War I, I devoted considerable time in support of President Woodrow Wilson's great League of Nations program, but unfortunately the United States Senate refused to endorse his proposal for future peace, and America remained a nation isolated from the rest of the world as far as international cooperation in a great peace program was concerned.

Over the years our country, through costly experience, discovered that it



could not remain aloof from other nations and was eventually drawn into World War II.

Over a year ago, 51 nations sent delegates to San Francisco for a new world organization to insure future world peace, cooperation, security, and progress. By its actions at the San Francisco conference, in signing the United Nations Charter, our country agreed to cooperate and become a part of a great world organization for mutual understanding and with the hope that future international troubles could be settled across the conference table instead of the battlefield. In conjunction with this great United Nations conference, the participating nations entered into financial agreements and proposals at Bretton Woods for the establishment of an international bank and the stabilization of international currencies geared to the American dollar. Legislation before us today is indirectly part and parcel of our future program on international cooperation and its greatest advantage will be enabling us to gain access to foreign markets for surplus production without engaging in a trade war to do so.

I have read the testimony of a great number of witnesses who appeared before the Banking and Currency Committee and find the witnesses experienced in finances and international commerce are all agreed that this loan is necessary for the reestablishment of England as a nation capable of resuming her former export and import business with America. It is very clear from the expert testimony and evidence submitted that without Britain in the Bretton Woods agreement, there is no possibility of Bretton Woods succeeding. It simply is impossible for America to support a world bank alone. Unless this loan is made, we might as well forget about the establishment of Bretton Woods as its refusal will prohibit the world's largest traders to take part in this useful step of international cooperation and the elimination of economic warfare.

Our country must today avoid the pitfalls which we fell into after World War I. Our greatest obligation to the World War II veteran and future generations is to do everything possible to construct barriers against the possibility of World War III. Our Government has assumed its rightful place of world leadership and it would be a calamity if we retreated at this time. International trade on a sound and non-discriminatory basis among nations is the best preventative of economic war which might be the seed for future armed conflict. By profiting from our experience between World War I and World War II, we now have an opportunity to lead in the constructing of a better and bigger world. The cornerstone for postwar reconstruction must be international understanding, cooperation, and tolerance with our neighbor nations and untold dividends will be returned to the America of the future by bringing about international confidence and permanent peace.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Maryland [Mr. D'ALESSANDRO].

Mr. D'ALESSANDRO. Mr. Chairman, the issue is what is best for my country, what is the best for the world.

I believe that the whole world outside of those nations behind the Soviet iron curtain, and perhaps many millions of the groping humanity behind that curtain, are looking to the United States of America for guidance. As the nation's elder statesman, Cordell Hull, said yesterday "This is the test." I will meet that test by voting for the passage of this resolution.

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from Wisconsin [Mr. SMITH].

Mr. SMITH of Wisconsin. Mr. Chairman, it is an historical fact that ancient civilizations perished on the rocks of financial instability. Historians report that Greece and Rome declined as world powers when their rulers undermined their economies by unsound fiscal policies. My thinking on this proposed British loan agreement has been projected along that line. I am at a total loss to see how we can approve this agreement without great risk to our national security. Never in the history of civilized mankind has a nation had so large a debt as the United States at this time. The June 28 statement of the Treasury Department shows our national debt to be \$269,898,484,032.56. That same statement indicates that we expended \$21,980,833,183 more than we took in. In other words, the Budget was out of balance by approximately \$22,000,000,000. Now how long can we remain in business, or maintain national financial security if that kind of spending continues? The whole question involves the borrowing or taxing of our people and some day the Congress will be called to accountability.

We are only the trustees of the people and, as such, have limited powers. We cannot afford to give away the assets of this Nation and expect it to assume world leadership. The adoption of the pending resolution will set a pattern for requests by other nations. President Truman on last Monday served notice to this Congress that he would soon request a loan for Russia. Actually, he is creating another emergency, but, of course, we know that the New Deal has thrived on one emergency after another since it came to power. We cannot, Mr. Chairman, in my opinion, make this gift to England—and that is what it is—without grave threat to our whole financial structure.

It is interesting to note, Mr. Chairman, that this country has had a budget deficit for 16 years. On the other hand, Britain in 5 or 6 of those years operated on a budget that was in balance. The British have obviously attempted to avoid deficit spending in spite of Lord Keynes, whereas we have embraced the principle to the disadvantage of our people.

Mr. Chairman, history is repeating itself on the floor of this House today. Almost a quarter of a century ago, this body debated the question of adjusting Britain's war debt. At that time, as now, the argument was made that adjustments must be made in the interest of

world trade, in the interest of our export trade, in the interest of permanent world peace. No new arguments have been advanced at this time. An adjustment of Britain's old war debt was made in response to that plea, Mr. Chairman, but our people were rudely shocked when the promises made at that time were not kept. Today that debt has been repudiated at the expense of all of the citizens of this country. And history will repeat itself again if this loan is made.

World cooperation, Mr. Chairman, is a two-way street. When the Bretton Woods matter was before the House a few months ago, we were told that when it was adopted, there would be no good reason for the British to come here for a loan.

That was a promise, Mr. Chairman. And here, again, we are told that approval of this resolution will result in breaking down trade barriers and discriminatory treatment in international trade. These promises are sugar-coated, and will not be kept. There is nothing in the agreement that says they will. The agreement does not spell out any such understanding. Furthermore, we have had some other more recent experiences in that direction. Consider article VIII of the lend-lease agreement, the Bretton-Woods agreement, and the Import-Export Bank agreement, all these contained language professing a desire to eliminate economic warfare on the international level but all have been studiously avoided and war on that front still persists. Can we now believe that under this so-called loan agreement that any different treatment will be accorded this Government?

Mr. Chairman, our people were fooled on the lend-lease agreement. It was supposed to be a reciprocal proposition, but see what happened? When the war was over, the United States had advanced \$16,000,000,000 of goods and services to Europe. After deducting reverse lend-lease, on a most generous basis, Britain owed us \$4,500,000,000. Under the terms of the agreement now under consideration, we are to release that obligation. Is this not a most generous consideration?

It is my understanding that the present agreement is for a credit of \$4,400,000,000 of which \$3,750,000,000 is to be advanced in cash by this Government. Of the total amount, six hundred and fifty millions represent a settlement in full for some six billions in property and goods belonging to us but now in the United Kingdom. That represents a tremendous loss to the taxpayers of this country, and some day, the Congress will have to account to the people for it. Can anyone say we have not been generous?

Again, Mr. Chairman, I submit that this country cannot continue its policy of deficit spending. The present administration is presently engaged in a drive to prevent inflation on the home front. It professes to high heaven that economic controls must be retained or we shall be swept into inflation and economic disaster. Yet, in spite of all these protestations, it fires the boilers of inflation by reckless spending and loaning

for every project on the international front. These countries take our money and compete for scarce goods in our markets. The Administration blows hot and cold. It is leading this country down the road to economic chaos and disaster. This Nation cannot afford to make this so-called loan in view of the terrific national debt. Adoption of the pending resolution will result in a disservice to the people of our country and to countless generations in the future. I oppose this resolution on the grounds which I have mentioned.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. HOCH].

Mr. HOCH. Mr. Chairman, I do not pretend to know all there is to know concerning the relation between dollars and pounds sterling and so am not qualified to argue the matter before us from that standpoint, but something transpired during the hearings which made quite an impression on me and I want to tell the Committee about it.

The Honorable Owen J. Roberts, retired Justice of the United States Supreme Court, was testifying in support of the line of credit to Britain, when a member of the Banking and Currency Committee said:

I regret that I feel constrained to take what might be considered a discordant note in this love feast for the British loan.

Justice Roberts retorted:

I would like to take you out in the other room and talk the love of God to you.

I assume that what the Justice meant to convey was that in the discussion of this subject there is displayed far too much of hatred, prejudice, and desire for revenge. For later he said:

I meet people in the street and they say, "I hate the British," and I meet somebody else and they say, "I hate the Russians," and somebody else says, "I never had any use for the French." Well, now, you and I have lived in the same street with people that we did not approve of and did not like. We have lived under the same Government with them, voted at the same polls, and when the back fence gets out of repair, we talk about it with that fellow, about fixing up the fence between us, taking care of things that are our common interests.

There is so much of this short-sighted talk in this country, "I don't like so and so; why lend anything to Britain. I would not lend anything to Russia; to France; I would not help them at all." They do not mean it, really. They are just saying something off the bat, and I have the confidence that when the American people have it put plainly to them, and simply, that they will form a right judgment.

It has been well said that the approval of this resolution will aid materially in bringing about lasting peace in the world. I believe this to be true. Because I believe this I shall support the resolution. I want to remind my colleagues that lasting peace cannot be built upon hatred, prejudice, and revenge. After all it is just and lasting peace that all of us want. I feel that if I could convince you that this extension of credit is a vital step in achieving that peace everybody would support it.

Of course, if we allow prejudice to hold sway; if we emphasize that which we do

not like in the British, then we will not vote for the resolution. Oh, it is so easy to play upon people's prejudices and thus to influence them—far easier than to reason with them to awaken their better natures and thus induce them to take the reasonable, the humane, the right course.

The arguments used against this resolution cover everything that we have ever had against the British from Bunker Hill to the debt owing from World War I and from lend-lease.

I am reminded of what a Member of this body in the Seventy-seventh Congress used as an excuse for voting against lend-lease. Said he: "I have not forgotten how the British hired the Hessians to fight against us in the Revolution." Poor fellow, he is still fighting the Revolution. He is no longer a Member of this House.

Mr. Chairman, what is needed in order to take the right course in this matter is to substitute faith for prejudice—faith in that God concerning whose love Justice Roberts desired to speak to his interrogator, faith in our fellow men, faith in our country—faith in the other countries of the world, and faith in ourselves.

I am convinced that the efforts of the United Nations organization to solve its many difficulties and to establish a lasting peace will be materially aided if we grant this extension of credit. Because I believe this and because I feel with Justice Roberts that God is love and that He expects me to love my fellow men, I shall cheerfully vote for the resolution.

Do you call me a dreamer or a stargazer? Perhaps I am, but I cannot close my eyes to the miracles that have happened during the past few years. I know that if I had predicted that the conferences at Bretton Woods and San Francisco would result in an agreement among the representatives of half a hundred nations I would have been considered visionary.

But miraculously the agreements came about and it is upon those agreements that the United Nations organization has been built and is now operating. As the conferences referred to were successful, so I predict the United Nations will overcome all obstacles and in spite of the efforts of the isolationists and others who would hamper its efforts, it will succeed.

I am not in sympathy with isolationism. That issue is dying and will soon be dead. I am neither the oldest nor the youngest Member of this House, but my age does not prevent me from seeing that the world is changing. I want to keep step with those changes. I do not want to hark back, but look to the future, and be prepared to take my proper place in this changing world.

I am confident that lasting peace will be one of the results of the efforts of the United Nations organization, and because I am convinced that the line of credit to Great Britain will aid in bringing this about I shall support the resolution. Far be it from me that any act of mine should in the least interfere with the coming of enduring peace to this war-torn world.

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. O'HARA].

Mr. O'HARA. Mr. Chairman, it is perhaps possible that I am the only Member of Congress who had the opportunity to attend the Inns of Court in London, England, who will have the privilege of voting against this loan. It so happened that one of the educational experiences I had following the armistice of 1919 was that, from France, I was directed to attend this school at the invitation and at the suggestion of the Army. During that time I learned something about the English people as well as something about the English system of government. For the qualities of both the English people and their government I have the greatest admiration and respect. What might be said in criticism, would here serve no useful purpose.

It is further true that I know little about how the English Government treated my ancestry before they left Ireland for America—except from what history records. I enter on the discussion of this loan therefore and into my judgment upon it without at least some of the prejudices which are attributed to some of my nationality.

We are in the position today of being asked to make continual transfusions to England and to other countries of the world, and I am wondering just how far these financial transfusions can go until we are spent completely white. Even though the patient who is receiving the transfusions may live, what will happen to the donor who is continually being drained of the lifeblood? There can be but one answer.

Frankly, it seems to me that if we make this loan to Britain that is only the beginning of loans which will have to be made, because I cannot believe a loan of this size will be the only transfusion that will be required to place the patient—Britain—back upon its feet and as well the other nations whose needs are even more serious.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from Illinois.

Miss SUMNER of Illinois. Mr. Clayton in the Senate said it is quite possible that there will be more requests for loans from Great Britain.

Mr. O'HARA. I would greatly respect Mr. Clayton's view upon that matter.

When we make this loan, and it probably will be made, that will be but a precedent for granting the applications for other and greater transfusions. But how far can we go? I appreciate that those of us who may say that we are constrained to feel that our first responsibility is to the people whom we represent, to sustain the oath of office which we took, and to think first of this country, may be charged with being isolationists because in our judgment there is a limit to what we can do, but I am perfectly willing to take that responsibility as far as my vote is concerned.

One need not be a prophet to add the prophecy that we will be asked for bigger and more loans to foreign countries by next year. I am sure I do not charge



anyone with a lark of good faith if they vote for this loan if in their own judgment and in their own minds they believe it is a good and worthy cause. But I have been just a little bit intrigued by the arguments which have been made about the crying need for this loan and this great desire that we should do good because they are pretty much the catalog arguments that we heard about lend-lease and the various gifts and activities of this Government and the legislative action that we have been asked to take in doing good all over the world.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman.

Miss SUMNER of Illinois. Would you not think after leading us into a war, and even before we got into the war they had another war started, that they would begin to get an inferiority complex about their leadership and start listening to somebody else beside "One World"?

Mr. O'HARA. I think the gentleman's question answers itself. According to some, we have become a race of flagellants. We are asked by some to chastise ourselves because we are being made to feel that we have done nothing to win the war, notwithstanding that we had some 243 divisions in the war and that we gave billions and billions of dollars in lend-lease aid to England and Russia. We almost single-handedly won the war certainly in the Pacific and we were the final and conclusive force in the European and African campaigns. But we are told that we should have an inferiority complex and we are being sold an American inferiority complex and being told that we must do still more because we have done so little for our noble allies.

Miss SUMNER of Illinois. I think it is just wonderful to hear somebody speak this afternoon representing the United States. Most of these people who get in the well of the House sound as if they represented a country that had an Oedipus complex.

Mr. O'HARA. Personally, I feel a great indebtedness to the American boys and the American people, and I would certainly be derelict in my duty if I did not say I feel that what America did and what our American boys did is why we, the United States, won the war. I hope that those who have hope of doing good will soon be able, through the United Nations, to get around to signing the peace terms. I sincerely hope when that is done that Russia will try to cooperate and that England will try to cooperate with us in the same altruistic spirit that we have in carrying out the purposes of the United Nations agreement. I think Britain and the United States will get along very well. I do not believe we are going into this loan business with the idea that when the loan is made British traders are going to bow to us and say, "No, you, Mr. America, go in and get the trade first." I think they are going in to get the trade. I am not going to be so stupid as to think that when you get into international commerce the British will not drive just as good and perhaps a better bargain than our

American traders, or at least it will be equally as good. I want to see England survive and be one of the great empires of the world such as she has been, and correct her mistakes of policy. But I am rather fearful that her condition is such that a \$3,750,000,000 transfusion is not going to put her back on her feet. I sincerely hope she does get back on her feet, but she has the same problem in getting back and restoring herself and her empire that the American Government has and the American people have.

I think the United States has all the problems that she has and a great many more.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield.

Mr. KNUTSON. I was impressed with the argument made by the gentleman from New York [Mr. WADSWORTH] wherein he stated that he never knew of an instance where one government required collateral from another government. This loan could be made through the Reconstruction Finance Corporation, which always requires collateral on loans.

Mr. O'HARA. Yes; or perhaps some security through the Export-Import Bank.

Mr. KNUTSON. Yes.

Mr. O'HARA. Of course, I hope it does not come to be old-fashioned and isolationism when we come to deal in loans that we should expect some security or something to guarantee payment to the people of this country, the taxpayers who will pay this bill. This is not a loan. It is a gift being sold the American people under delusion and sophistry.

Based upon the population as shown in the 1940 census, I submit a table showing the costs of this loan to each of the 14 counties which make up my congressional district, which is the amount the people who must pay the bill will have to pay. The table follows:

County:	Amount at \$28 each
Blue Earth.....	\$1,013,684
Brown.....	715,232
Carver.....	492,968
Cottonwood.....	452,004
Dakota.....	1,110,480
Faribault.....	670,348
Jackson.....	470,540
Le Sueur.....	538,356
McLeod.....	598,640
Martin.....	690,368
Nicollet.....	511,896
Scott.....	436,380
Sibley.....	465,500
Watsonwan.....	389,256
Total.....	8,555,652

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. O'HARA] has expired.

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, I recall vividly the time when a cry of pain surged in upon Washington from people in the several States who had become pauperized by the default of their foreign bonds. The cry reached the ears of the Senators who set up an investigation. Day after day came the news that foreign nations had defaulted

the bonds bought by American investors under the pressure of the big city bankers and their salesmen. It will be recalled that more than a billion dollars' worth of foreign bonds in American hands were suddenly frozen in American hands. Some of the defaulting countries were Austria, Bolivia, Brazil, Bulgaria, Chile, Columbia, Costa Rica, Cuba, Ecuador, El Salvador, Greece, Hungary, Panama, Peru, Uruguay, and Yugoslavia.

From all parts of the United States came the question, Who was responsible for the default on the foreign bonds so highly recommended by the big city banks?

When certain bankers were called before the investigators to answer the question of responsibility, the list was impressive: Thomas Lamont, of J. P. Morgan; Otto Kahn, of Kuhn, Loeb; Charles E. Mitchell, of the National City; Winthrop Aldrich, of the Chase National; Clarence Dillon, of the Dillon, Read; James Speyer, of Speyer & Co.; Joseph Swan, of the Guaranty Co.; and Frederick Strauss, of J. & W. Seligman.

Why did these eminent internationalists buy these foreign bonds and then sell them throughout the United States, using the little country banks as their sales agents? First, the international banks received a large commission for selling these foreign bonds. The default of these bonds did not cost the international financiers one red cent. What did one of the witnesses answer as to the object of the promoting banker? Otto Kahn answered that the object of the promoting banker "is and must be beyond all other things American prosperity, not merely from the point of view of a patriotic and decent citizen, but from the point of view of his own pocket. The international banker's profit, even in the case of foreign bonds, is made in this country, and not abroad." How familiar this argument sounds.

Under severe questioning, the theme song of the international bankers was that the purchase of foreign bonds, increased our foreign trade. The same song and the same racket is now in operation by the same international banking interests in promoting Bretton Woods and the loan to Britain.

When pressed to explain how these foreign bonds were obtained, it was brought out in connection with a Peruvian loan that one of the banking houses had paid a large amount to the promoters who arranged the deal behind the scenes. To facilitate the loan there was transferred to the son of the president of Peru the sum of \$415,000 for his services in the course of the flotation. This is a matter of public record. I am sure the tactics used to float loans in foreign countries, the securities to be peddled out later to the people in the United States must be known to those who supported Bretton Woods and who now advocate the British loan.

Cuba was under the rule of a dictator, a bloody one at that. The evidence showed clearly that the Chase National Bank in floating a loan in Cuba employed José Obregon as manager of the Cuban branch bank, first at \$12,000 a year and then at \$19,000. José Obregon

was the son-in-law of Machado, the military ruler and dictator of Cuba. A year previous to this loan, a representative of the bank had written in respect to Obregon:

As we know, from any business standpoint he is perfectly useless. He has neither any ability for banking, nor has he the slightest ability in negotiating, which was something which we thought it might be possible to build him up to do. \* \* \* From what I could gather in listening to some of the Cubans' talk is that Joe (Obregon) has very little standing with the President (Machado) and I think this is probably true. On the other hand, where the rub comes in is that if we do not pay him his salary, the President (Machado) would have to give him an allowance, and in times as hard as these this might be fairly difficult to do.

It will be recalled that Charles E. Mitchell, of the National City Bank, declared that "foreign investments very largely control the volume of the export business of the United States." When Mr. Mitchell was asked what percentage of the total exported capital was employed in cutting down domestic business, he admitted he did not know. But, Francis P. Garvan, speaking for the Chemical Foundation, laid before the Senate committee a list of American loans that had been made to chemical concerns abroad. I quote from Mr. Garvan's testimony:

These international bankers have been persistently borrowing the money of the American people and, for the bribe of huge commissions, have been loaning these savings to the international chemical cartel, or its constituent companies, or allies, the cartel whose success is necessarily based upon the destruction of our industry and our independence. \* \* \* Our chemical industry is faced not only in our country, but throughout the world, with competitors whose pockets are filled with American savers' money, and, with the ability to extend long-time credit based thereon, competitors who either never intended to repay their loans, or who intended to buy them up in a depreciated market at 10 or 20 cents on the dollar.

I hope that every banker in the district which I have the honor to represent will refuse to purchase and peddle these foreign bonds to their clientele. The international bankers must neither dominate our country banks nor endanger their solvency by again loading them down with foreign bonds.

Mr. SPENCE. Mr. Chairman, I yield 20 minutes to the gentleman from Ohio [Mr. THOM].

Mr. THOM. Mr. Chairman, the Anglo-American financial agreement is intended to provide a favorable economic climate in the world so that the peace we now enjoy as a result of much sacrifice may be preserved.

Without this prosperity for all peoples, the United Nations organization, in which lies the hope of the world for a peaceful future, will find its path difficult. If there is any doubt that peace has as a requisite, the economic welfare of the people, one need only to study the career of Hitler. His rise to mastery sprang from a people bowed down by economic misery. Their acceptance of him as a savior spelt ruin for them and war for the world.

Equally essential is the continuance of the solidarity of the Allies—United States, Great Britain, and Russia—who stood steadfast in the face of Hitlerism, but now are exhibiting tendencies to fly apart and wreck the unanimity of purpose which guided them through the Second World War.

It is disheartening, not to say frightening, to watch the steady stream of crimination and recrimination of certain elements in the three countries, all creating and increasing the suspicions of the hour. Differences in international policies are debatable, but underlying friendship should not be shattered by reckless and unverified charges.

These evil works will slowly sow the seeds of discord until that state of psychology is reached when the masses embrace the concept that war is inevitable.

In our discussion in the Congress of the Anglo-American loan, it is in keeping with this world trend that our ally, England, should be maligned and censured. If this loan agreement were rejected, who is there who would not say that it would be of irreparable damage to the future relations of the two chief English-speaking nations of the world.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. THOM. I yield.

Mr. KNUTSON. Would the gentleman support a motion to require collateral for the money advanced?

Mr. THOM. I will answer that very briefly. England's citizens own property all over the world, but that property does not belong to the Government of England.

Mr. KNUTSON. Neither did the coal mines.

Mr. THOM. The only way the Government of England can secure the property of its private citizens is by a way that the gentleman would criticize, that is by expropriation; by saying to the owners of the property in South America, or the United States: "You must sell your property to the British Government for pounds; and unless you do so we will seize it."

Mr. KNUTSON. Mr. Chairman, will the gentleman yield further?

Mr. THOM. Just wait a minute; I am going to answer the gentleman. The gentleman is entirely erroneous in his thinking.

England owns great properties in South America. Suppose she sold those properties after expropriating them from her private citizens? What would she get for them? She would get the currencies of those countries; and that is not what she wants. She wants and needs American dollars; and you cannot get American dollars in Brazil or Argentina for property that belongs to British private citizens.

Mr. KNUTSON. But she has \$3,000,000,000 in this country.

Mr. THOM. If that is true, her private citizens own it; and the gentleman, a defender of free enterprise, would not agree that the English in this time of peace should take from their own private citizens the private ownership of shares and other things.

Mr. KNUTSON. They have done that with the gold mines; they have done that with the banks; they have done that with the transportation system; they were all privately owned.

Mr. THOM. Yes; but the coal mines were owned in England; they were not owned in the United States or South America. When she took over the coal mines she paid the owners in sterling and they received a quid pro quo. That is the right of a national government in its own country, to take property by expropriation.

Mr. KNUTSON. If she sold her securities in this country she would get dollars.

Mr. THOM. Yes; but she would have to take the securities from the private owners. She did that during the war when her very life was threatened. She told every Englishman who owned an American share of stock to bring that American share of stock in under her war powers and exchange it for sterling.

Mr. KNUTSON. And she still has them.

Mr. THOM. In turn she sold that stock on the markets and used the dollar exchange to buy munitions of war.

Mr. KNUTSON. She still has the stock.

Mr. THOM. She has some of the stock. She has some stock in the General Motors Co. which is used as collateral for a loan from the United States.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. THOM. I yield to the gentleman from Kentucky.

Mr. SPENCE. It is said that England has \$2,000,000,000 of assets in the United States. Nearly a billion of that is pledged to the Reconstruction Finance Corporation on a loan of \$450,000,000 and a great deal of the balance of that is in the form of trusts and so forth, and England could not get control of those funds. There are about \$600,000,000 of free assets alone that England might use as collateral in this country.

Mr. THOM. If England took over the assets in the form of shares of stock in the United States of her private citizens and sold them and used them for dollar exchange she would be in the position of destroying her future, because after that she would not have the income from those American shares which she now enjoys in order to make up the balance of her trade and pay off her indebtedness to the United States. That is where England gets her dollars.

She gets her dollars, first, from exports; second, from the income of shares of stock held by her citizens in all countries of the world; third, by the results of her shipping business under which she carries cargoes between various countries, and using the money spent by travelers in England. That is the way she accumulates her exchange. When you cut down the sources of that exchange you simply destroy her ability to balance her trade in the future, and you take away from her the dollar that she wants to spend for our goods.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?



Mr. THOM. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. It seems to me it is not terribly important whether we criticize England or not. Certainly from the clippings I have from English newspapers, the English have criticized us. It seems to me the important thing is whether this is wise or not.

Mr. THOM. Criticism of policy is sound, but malicious criticism, whether uttered by England, the United States, or Russia, is vicious and harmful to the future relationship of the Allies.

Mrs. ROGERS of Massachusetts. I will be glad to put into the Record some of those clippings.

Mr. THOM. Oh, I can find clippings from every country and from some American newspapers that reflect, I think unjustly, upon our allies and are bringing about a prejudice that will result in the shattering of the purposes of the Allies and might conceivably result in war, together with other causes.

Mrs. ROGERS of Massachusetts. It is just as I said, it does not seem to me it is terribly important anyway.

Mr. THOM. I think it is very important that we should not create in the world a feeling of suspicion and enmity between countries. The last thing I want to do is to ascribe a wrong motive or make a wrong accusation against any country in the world because I do not think that is the way to preserve peace.

Mrs. ROGERS of Massachusetts. I do not think that will decide the issue in the ultimate analysis. I think it will be decided on the question whether it is right or wrong.

Mr. THOM. Will not the gentlewoman agree that there is a sentiment growing in this country at the present time which is in essence that another world war is necessary and will occur?

Mrs. ROGERS of Massachusetts. No; I do not think so.

Mr. THOM. I hope that is not true, but I am afraid when I hear people talk and from what I read in the newspapers that I can come to no other conclusion. That is a very vicious opinion for our American people to hold.

Mrs. ROGERS of Massachusetts. I have no such ideas and I do not think the American people have.

Mr. THOM. I do not accuse the gentlewoman of that and I do not accuse all the American people of it, but there is such a sentiment in existence.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. THOM. I yield to the gentleman from California.

Mr. McDONOUGH. Referring to the gentleman's statement a moment ago about malicious criticism, does the gentleman consider the statement recently made by Mr. Bevin that if we want to assist in allowing a hundred thousand Jews to go to Palestine we ought to open the ports and let them come to New York?

Mr. THOM. That is the argument of Mr. Bevin.

Mr. McDONOUGH. Does the gentleman consider that malicious?

Mr. THOM. I think some of his statements in that connection were not quite

true, but I cannot go into an analysis of all those statements. I say and I contend that things are being said and done to break the Allies apart.

Mr. McDONOUGH. But there is more being said by the British against the United States than there is by the United States against the British.

Mr. THOM. Well, nobody knows that.

Mr. McDONOUGH. We read in the paper that there is more of it.

Mr. THOM. You would have to have all the newspapers of England and all the public utterances in England and balance them against the newspaper editorials and public comments in the United States.

Mr. McDONOUGH. We all read the press.

Mr. THOM. The gentleman reads one or two newspapers and I read 10 or 15, and I am not competent to say where the balance lies.

This deterioration in the friendship of the Allies would be the only welcome news that has come to the defeated Germans, who know that they will never have another chance to resurrect Hitlerism unless their opponents divide and split asunder.

If one is filled with prejudice against England, it is easy to assume an attitude of opposition to the loan and, to arrive at a decision in this way saves the burdensome mental effort required to understand these things:

First, what is there in the British economy, at the end of the devastating World War II, that makes it necessary for her to ask for financial aid?

Second, what economic good can come to the United States through the extension of this loan, at a time when we are ourselves carrying a back-breaking burden of debt?

I invite you to look at a picture of the economic background out of which England's troubles spring, and after that I shall endeavor to answer the question first propounded.

Great Britain lives by the exports of its factories—cotton goods, chemicals, and hundreds of other items. She receives pay for these products in the form of raw materials and food shipped to her from far-away lands. If, in normal times, her exports were insufficient in quantity and value to meet the cost of the imports, she could fall back on foreign exchange she procured through dividends on investments in foreign countries, through proceeds of shipping services furnished by her merchant marine to foreign nations, and through travel expenditures made in her country by aliens, to meet the deficits. In this way, her foreign trade was kept in equilibrium, and the value of her money stabilized.

When World War II came, however, this whole structure of international trade was shaken. First of all, exports were drastically cut to one-third of prewar volume. Her mechanized industries had to be switched from an output of civilian goods that formed the body of her world exports, to the fabrication of war munitions, military planes, fighting ships, and all the other implements that were so necessary to stem the march of Hitler's armies. At the same time, the exigencies of war made it necessary for

her to buy increasingly from her colonies and dominions, such things as metals, chemicals, and other ingredients needed by her munition factories. We see, then, a declining export trade as against an accelerated demand for imports, and this, of course, led straightway to an imbalance of trade, with England in a deficit position. She, moreover, had insufficient gold and foreign exchange—for some of the main sources of this income, such as foreign investments, had to be disposed of in order to employ the capital for war purchases—to make up the difference in the foreign-trade accounts.

In this dire predicament, England found a way out by revising and modifying the trade practices of the sterling bloc—that group of nations that tied their currencies to the pound, and kept their reserves in England. The English Government bought with sterling huge amounts of rupees, and the currencies of the other sterling-bloc countries, in order to facilitate its purchases, but the sterling credits thus established of these foreign countries such as India, Australia, and Egypt, were frozen in London and could not be converted into dollars. This indebtedness of England to her colonies and dominions amounted to \$15,000,000,000, and the sterling so sequestered can be spent for English goods, if and when they begin coming from her reconverted factories.

By this financial mechanism, all of these countries are barred from using these credits in purchases of American goods. American traders are in effect frozen out.

Along with this arrangement, the sterling-bloc countries paid into a central pool in London all the dollars they might earn for goods sold by them to the United States. This dollar pool was so managed under the direction of the English Government that dollars were doled out either to England itself or to other members of the sterling bloc, for only such purchases in the United States as could not be avoided, in view of the needs of the war. This was import control which so disastrously affects our trade.

Supplementing the sterling-area controls, the United Kingdom negotiated bilateral trade agreements with many countries such as France, Belgium, Sweden, and so forth, by which trade in certain lines was channeled to the advantage of Great Britain.

We now pass to the conclusion of the war and the vastly changed economic scene it presents. English factories must be reconverted and the export trade that slumped to one-third of prewar volume must be restored. To get going, industrial England must have huge shipments of raw materials, for it produces none except coal. It must have machinery to rehabilitate its plants. Since the food of its people must be procured overseas, there must be cash, or exports, to pay for it. The exports, however, are slow in reaching the necessary volume to pay for these imports.

England, therefore, has the two alternatives, to continue the sterling bloc dollar pool, its bilateral trade agreements, and its restrictions prohibiting conversion into other exchange of its \$15,000,000,000 indebtedness, or it must have the

loan of \$3,750,000,000 to supply her with the gold and dollar exchange to pay the deficits in her trade balance—estimated this year alone to amount to \$3,000,000,000.

Out of this series of circumstances arises the request for financial aid by the United Kingdom from the United States, and from the Dominion of Canada.

Now that we have depicted England's problem in the realm of international trade, what answer can be made to the second question propounded, as to the benefits that will accrue to our people from extending this line of credit of \$3,750,000,000 to England, to be drawn upon during the next 5 years to meet these expected trade deficits?

To clear confusion in some minds, may I say that this loan is not intended to be used to make up any deficit in the internal budget of the English Government, but in the language of the agreement, it is "to assist the United Kingdom to meet transitional postwar deficits in its current balance of payments, and to help the United Kingdom to maintain adequate reserves of gold and dollars." If these things are done, the ordinary Britisher can exchange his pounds into dollars at will, and prepare to become our customer.

It is not to be employed by the Government of England in the direct purchase from ourselves or other countries of goods or services except so far as purchases of nationalized industries is concerned. However, it is to facilitate the purchase in the United States of these goods by its citizens, by furnishing the necessary dollars to make up the difference between the export and import trading of the two countries.

The exact benefits to the United States in the way of lifting trade restrictions and thus increasing her capacity to export her surplus goods and keep the prosperity of our people at high tide, are these:

(a) The credit will enable England to buy goods and services in the United States, and these transactions will increase the employment and income of the American people.

(b) Payments in dollars by England to other countries will increase the ability of those countries to buy goods and services in the United States.

(c) The sterling area dollar pool will be dissolved, with the result that sterling-area countries which acquire dollars will be able to use those dollars directly to buy goods and services in the United States.

(d) Sterling paid for exports or other current business will be freely convertible. Any country can then use such sterling to buy goods and services from the United States or from any other country in the world.

(e) Exchange controls will not be used to prevent residents of the United States from converting into dollars the sterling they get from exports or other current business with England.

(f) Britain's import controls will be administered in such a manner that no discrimination against American products will result.

(g) England will release a portion of the blocked sterling balances held by British Empire and other countries, and the sums thus released will be freely convertible to make purchases in the United States or any other country of the world.

(h) England will be able to assume the full obligations of membership in the International Monetary Fund and the International Trade Organization and can afford to abandon those restrictions and practices which would otherwise have been retained during the transition period.

(i) England will settle the blocked sterling balances with her own resources and this large problem which hinders the restoration of world trade will be solved.

(j) The elimination of exchange and trade restrictions and the solution of these problems will increase American prosperity by increasing the volume of world trade.

(k) The foregoing specific measures will eliminate many causes of economic friction which might threaten the good relations between the two countries.

(l) Finally, all danger of a division of the world into conflicting British and American economic blocs will be averted.

At the moment, when business in the United States is at high tide, due to deferred purchases and to the accumulated savings in the hands of the people, the need of foreign trade to keep our business volume at high level, is not so obvious or so pressing. However, as our production catches up with demand, we shall see a deterioration of our economic position and, consequently, the need of an expanding market in which we can dispose of our surplus products. England has always been our best customer, and why is it unwise to help a customer bridge a financial difficulty?

Our farmers will feel the first pinch of the slow-up in trade, when the famine conditions in war-torn countries come to an end, by reason of the fact that local production in these countries has been restored. Then our wheat, always in surplus in the past, our lard, our apples, and other agricultural surpluses will begin backing up, and this will cause the usual collapse in the price structure. England's loan of our dollars will make it possible for her to deal for these food supplies. Her usual demands for our tobacco and cotton will also be satisfied through the use of this dollar fund.

For that reason, scores of farmers in my Ohio counties have written to me in endorsement of the loan. The food scarcities of today do not blind them to the realities of the future when rehabilitation has been accomplished.

Mr. GAMBLE. Mr. Chairman, I yield such time as he may desire to the gentleman from Wisconsin [Mr. HULL].

Mr. HULL. Mr. Chairman, there has been much said about the influence of pressure groups as this session of Congress has moved toward total authorizations of appropriations of \$45,000,000,000 or more. Whenever economy has been invoked in such authorizations, the charge has been made that pressure groups have been responsible for raids upon the Treasury. Such charges continue right up to the time for action upon

the present bill for a gift-loan or loan-gift to Britain.

Without going into detail, one may look back several months as the pressure for this huge raid upon our country and its resources gathered momentum. Before the Bretton Woods Conference it was evident. The trans-Atlantic flights of scores of prominent people made upon the invitation of the British Government, in British planes, fueled with lend-lease gas, and elaborate entertainment abroad of the same prominent who rubbed elbows with condescending members of the nobility as they were shown about, may or may not have been softly applied pressure. It conformed, however, to the well-known system of lobbyists the world over in which flattering attention is paid to those whose judgments may be so influenced. It is a form of lobbying which bears upon the susceptible, and the pressure often pays off.

That pressure has increased as its purpose gradually became apparent. It has never relaxed for a moment. It has broadened until it now comes upon Congress with full weight. It has induced some to believe that the peace of the world may depend upon the generosity of Congress to vote away what will be in excess of \$4,000,000,000 from the pockets of the people, including those who fought and won the war, as well as those whose endeavors at home help to make victory sure.

This measure comes up as Congress has sought to heed the admonitions about economy and retrenchment to avoid inflation and national bankruptcy. Like so much other legislation in post-war days, it is premised upon the theory that only by this step can world peace be insured. That cry has a familiar ring. It will come again later as other measures to increase loan-gifts to other nations to the extent of possibly \$10,000,000,000 or more are proposed. This \$4,000,000,000 to Britain will be only a start and not the end of drains upon our people and their resources.

The cost of the billions, to those who work and toil to sustain themselves, is glossed over by claims of financial gains to come from international trade with Britain and its colonies. This is not a new claim nor a new policy which our country has paid dearly for. Of course, with the huge profits to big interests, exporters and importers, it is always in hand to cater to their propaganda. So this measure is baited. Four billions of the loan-gift will be spent. The profits of the trade, amounting to a billion dollars or more will go to the exploiters. The loan-gift will be paid by those who share not even remotely in such gains.

Prominent in the lists of the associations furnished the Banking and Currency Committee at the hearings on the bill were included those of practically every commercial and industrial organization controlled and under the influence of the very monopolistic corporations, some of which financial groups have been or are now under indictment for violations of our antitrust laws, and some of them for war profiteering. The cry of "peace to the world" never has appealed to such business magnates at home or



abroad. They are not interested in this measure from that standpoint, but for their own.

What will be the cost of this loan to the average citizen? The ultimate cost can only be estimated, as much will depend upon how long our own people must pay interest. The direct cost will be about \$30 per capita for every person in our Nation. Under this one-sided arrangement whereby no interest will be charged Britain before 1951, 10 percent will be added in interest.

Wisconsin, with about 3,000,000 inhabitants, will be saddled with an additional portion of the national debt to the amount of \$90,000,000. Imagine the consternation of our good Wisconsin people if our legislature were to meet and propose an appropriation of \$90,000,000 to be paid by Wisconsin taxpayers.

The 11 counties of the Ninth Congressional District would have their share of our national debt increased by \$7,500,000. Every city of 3,000 people would have an added share of \$90,000. And every family's share would be \$125 or more.

I never was authorized to help load such indebtedness upon the people who sent me here. I shall not do so.

Our national debt now exceeds \$260,000,000,000, a debt greater than all the national debt of Britain and all the colonies in the British Empire. In fact, it is greater in amount than all the debts of all the nations not yet repudiated by their governments.

Ours is said to be a rich Nation, a great creditor Nation. It also is the greatest debtor Nation, owing its own people as bondholders the \$260,000,000,000. The interest charge on our national debt now amounts to over \$6,000,000,000 annually, or an average per capita of \$48, equivalent to nearly \$200 per family. This measure, this loan-gift to Britain, will add more to the principal of our indebtedness and to the interest charge thereon.

When the GI terminal-leave bill passed the House by a unanimous vote, it was alleged to be inflationary. The President has heeded that allegation, and now a new bill has been presented in the other House to pay the GI boys, just home from the battle fields, only a small amount of their terminal-leave money in cash and the rest in bonds due in 5 years. That, it is explained, will help avoid inflation.

That terminal-leave bill would cost much less than the British loan. Still it is proposed by this measure to push \$4,000,000,000 of buying power into the British pockets, with which to buy goods and commodities away from our people. No more inflationary measure has come before this Congress than this British loan bill.

This measure had my opposition from the start. I was not influenced by the well-prepared and highly financed propaganda which was poured out upon the Banking and Currency Committee. I shall not be influenced by it. Believing that I am honestly and conscientiously representing the interests and welfare of our Wisconsin people and those of the Nation, I shall continue my opposition to the measure.

Mr. GAMBLE. Mr. Chairman, I yield such time as he may desire to the gentleman from West Virginia [Mr. ELLIS].

Mr. ELLIS. Mr. Chairman, during the past few days some newspapers who advocate the British loan have stated that to oppose this loan is to advocate isolationism. The inference is that in order to demonstrate to the world that we are not isolationists or nationalistic we must continue lend-lease until the end of time. This is the most sordid piece of demagoguery that has come to our attention. If there is one nation on the face of this earth that has not been and is not now isolationistic; if there is one nation in all the world that has never been and is not now nationalistic; if there is one nation that has been kind and generous to all other nations; if there is one nation which has never broken an obligation and has fulfilled every responsibility; that one nation is the United States of America.

It is unfortunate that we find a great many men in public life today who will not agree with this statement. When we find great Government departments in collusion with foreign governments to extract loans and commitments from this country and burden our people with more and more public debt, we are indeed in a bad way.

Some day the history of financing in this country for the past 12 years will be written, I hope, and a clear picture presented to the American people. This history, if not astounding and shocking, will certainly be extremely interesting and revealing.

The change of American thinking to the point that would develop and permit the operation of such financing as has occurred under lend-lease, UNRRA, the Bretton Woods Bank, and proposed foreign loans has no counterpart in all history. Every known practice of sound American business—the business philosophy that has guided this Nation for 150 years, the principles that have created the greatest national wealth, the system that has created the greatest national production that the world has ever seen—all have been completely ignored and all laws of common sense and good judgment abandoned in our fiscal policy.

Our contribution to the war effort has been thoroughly discussed and the records disclose that our contribution of materials and money was greater than all our allies combined, and our contributions of manpower was greater than all others except Russia. Our casualties were in excess of one million. Our public debt is many times greater than that of England. We have given them some \$35,000,000,000 in materials and equipment in two wars. We refer to it as a cancellation of the British debt, but there is no such thing as debt cancellation. The only question is, Shall this sum of money be paid by the British people? Or shall it be paid by the American people? The Truman administration has decreed that it be paid by the American people.

The granting of this \$3,750,000,000 loan to Britain will increase our national debt

to that extent. It will be borrowed money derived from the sale of bonds to the American people. Every time we borrow and spend an additional billion of dollars we further reduce the value of our dollar and bonds.

We are giving Britain money to compete with our own people in the American market for merchandise and materials which are already scarce. This will increase buying power and tend to force prices upward.

This administration in its fiscal policy has not missed an opportunity to permit inflationary process to prevail, and it continues on that course in the granting of this loan.

The proponents talk of trade. Recent reports tell us that England must increase her postwar trade by 175 percent in order to maintain their economy. I wonder on what basis she can surrender her foreign markets in consideration of this loan. Foreign trade is the life blood of England. She needs it to live and in this loan agreement she does not agree to surrender one dime's worth, anything the proponents say to the contrary notwithstanding.

Trade in the future, as in the past, will be on a hard dollar-and-cent basis. Our foreign friends are tough traders. They will buy where they can get the most for their money. They trade on no other basis. They will buy from us that which they need and that which we can supply at low prices and of good quality. This is just common sense, and we can expect nothing else. There is no sentiment in foreign trade.

The loan has all the earmarks of another touch, and I am confident it will develop into an annual payment. About a year from now you will hear the free-spending advocates in this House saying: It was not quite enough, it will take a little more. Such loans as this and continued deficit spending will make it more difficult to fulfill our obligation to the veterans.

Most of us are inclined to consider the national debt as something foreign or detached from our daily lives, but such is not the case. Our national debt affects the life and economic well-being of every living person in this country every minute of every day. It is a debt just as real as a note in the bank, just as binding as a mortgage on our property, and we have the same obligation to pay if we are to remain a solvent and free Nation.

If our income is exempt from Federal taxes or our assessment is small, we must not think for one moment that we do not pay Federal taxes. The purchase price of everything we wear, everything we eat, and everything we use contains a percentage for Federal taxes. A portion of every dollar we spend goes to pay Federal expenses and interest and principal on the Federal debt. The more the Government lends, wastes, or spends, the greater the portion of our dollar that goes for taxes, and, consequently, the amount of goods or merchandise we can buy with our dollar becomes less and less. This process drives prices upward. This is what we mean when we speak of cheap

money. This is what we mean when we say the value of our bonds is going down.

In my opinion, it is important that we take full account of the import of the national debt of \$272,000,000,000 and the proposed British loan of \$3,750,000,000 as it relates to ourselves. West Virginia's share of the national debt, based upon a per capita calculation, is \$3,978,404,516. The portion our people in West Virginia will have to pay if the British loan is granted is \$43,248,244.

The following tabulation presents the amount of debt obligation and the amount which would be assumed if the British loan is granted as respects the counties and communities in the Fourth Congressional District:

Share of national debt and British loan by counties

County	Assessed valuation all property, 1944	Share of national debt	Share of British loan
Cabell.....	\$143,019,760	\$203,884,228	\$2,728,852
Jackson.....	23,047,465	34,723,011	464,744
Lincoln.....	21,953,615	47,877,512	640,808
Mason.....	16,660,415	46,588,840	623,560
Pleasants.....	7,586,325	14,009,064	187,376
Putnam.....	19,586,250	40,817,012	546,308
Roane.....	25,054,180	43,486,404	582,036
Tyler.....	15,177,090	26,273,428	351,652
Wayne.....	39,764,530	74,404,072	995,848
Wirt.....	4,979,075	13,545,700	181,300
Wood.....	73,742,860	130,538,708	1,746,172

Share of national debt and British loan by communities

Community	Share of national debt	Share of British loan
Huntington.....	\$164,924,912	\$2,207,408
Barboursville.....	3,242,600	43,400
Milton.....	3,431,972	45,948
Kenova.....	8,162,984	109,256
Ceredo.....	2,535,504	33,936
Wayne.....	1,675,692	22,428
Hamlin.....	1,778,200	23,800
Hurricane.....	2,307,476	30,884
Winfield.....	665,256	8,904
Point Pleasant.....	7,401,496	99,064
Ripley.....	1,587,828	21,252
Ravenswood.....	2,219,612	29,708
Spencer.....	5,223,724	69,916
Parkersburg.....	62,975,476	842,884
Elizabeth.....	1,431,240	19,180
St. Marys.....	4,604,492	61,628
Sistersville.....	5,652,584	65,656
Middlebourne.....	1,533,436	20,524

Jesse Jones has said the loan is a bad bargain. Bernard Baruch has admonished us to be careful in our consideration of foreign loans and further deficit spending. The opinion of these gentlemen on financial matters is not only respected in this country but throughout the world.

We must not overlook the fact that Britain has assets in this country of approximately \$4,000,000,000 invested in securities, industrial stocks, and insurance companies, most of which is netting good returns. In addition, they have an estimated unmined gold and diamond reserve of \$23,000,000,000, but our negotiators are blind to these resources. England is doing very well with trade within the sterling bloc, and she intends to hold it.

It is time we pull in our belts and stabilize our own economy. We have been kind and liberal with all the nations of the world. Now let us take care of our own for a while.

I am opposed to this loan because it is not justified according to the evidence presented in the hearings and in this debate. If we set a precedent, have we any right to expect that all other nations, big or little, who fought on our side of the war will not come forward with repeated demands for American billions? In fact, Russia is now awaiting the result of our action on this loan to make application for billions in the same type of loan. If we refuse to grant these demands to any country other than Britain, how can we possibly escape getting the bitter enmity of those nations we refuse?

Approval of the proposed loan and trade agreement would start the United States down a financial road that is likely to lead to disaster. Too much spending and lending and giving away and losing is a sure road to ruin. The Congress should not ignore the dangers that lie ahead.

Mr. GAMBLE. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I have endeavored to approach my study of the British loan proposal with an open mind. In my position of trust, as far as my constituents are concerned, I felt that it was my responsibility to examine all claims made by proponents of the loan with reference to expansion of our world trade, and good faith on the part of the British to repay the loan and to abolish imperial preferences and the sterling bloc. I am responsible to my constituents. We are dealing with money belonging to the American people. Money that must be collected in taxes from the people during the next 50 years, and \$3,750,000,000 is a tremendous sum to collect from the people during either peace or war times.

#### DOES THE BRITISH GOVERNMENT INTEND TO REPAY THE LOAN?

I have yet to find any proponent of the loan to Britain, whether he be in the United States or the British Isles, who expects or concedes that the loan will be repaid. In fact, under the provisions of the loan agreement, every means is provided for the British to avoid or cancel payment of either principal or interest. When we consider that the British still owe us approximately \$6,000,000,000 from World War I, I am convinced that no repayment is intended to be made on the part of the British. I am also convinced that the Truman administration, which negotiated the loan agreement, does not intend that the loan is to be repaid. Therefore, I can only reach the conclusion, that this so-called loan of \$3,750,000,000 is a gift to the British by the people of the United States, in addition to more than \$25,000,000,000 in lend-lease assistance, which is being settled for a mere \$650,000,000 promise to pay.

The British Government now owns more than \$3,600,000,000 in gold and other assets in this country, which could be put up as security for the loan, but no offer or demand has been made to protect the loan with this or any other security. In addition to British-owned securities in this country, the British own billions of dollars worth of gold and other assets in

many parts of the world. Furthermore, no attempt has been made by the Truman administration to negotiate for the acquisition of military bases which we built on British soil during the war at the cost of billions of dollars. I am wondering what has happened to our Yankee trading boasts.

It is about time that we become a little realistic in handling the people's money. If we are making a gift to the British, as most people believe, let us call it a gift and be frank about it, rather than to fool ourselves and the people about receiving repayment of either principal or interest.

#### WILL BRITISH LOAN PROMOTE MULTILATERAL WORLD TRADE?

Proponents of the \$4,400,000,000 loan to the British claim the loan is a good investment for American business and agriculture because the British have agreed to do away with imperial trade preferences and the domination by England over countries tied up in the sterling bloc. Such action on the part of the British, it is said, will increase our export market for manufactured and agricultural products to all parts of the world, and particularly to countries in the sterling bloc. In other words, proponents of the loan say that article VII of the lend-lease and mutual-aid agreement signed by the United States and the British in February 1942 definitely commits the British to abolish imperial preference and the sterling bloc and to join with other United Nations to establish multilateral world trade.

A careful reading of the British loan agreement will disclose that the British have agreed to nothing, excepting to sit down and talk matters over with us after the loan or gift has been made available. While article VII of the master lend-lease agreement would indicate that the British have reached a definite agreement with the United States to abolish imperial preferences and the sterling bloc, it will be of interest to note the interpretation placed on article VII of the mutual-aid agreement by the British Government no later than December 12, 1945, when the loan agreement was up for debate in Parliament. I quote from the interchange of remarks between Mr. Bevin, the Secretary of Foreign Affairs, and Mr. Winston Churchill. Here is what the official record states:

Mr. CHURCHILL. The position of imperial preference was absolutely safeguarded by me under article VII and by the insertion of the words in the Atlantic Charter "without prejudice to existing obligations."

Mr. BEVIN. I am talking to the right honorable gentleman about trade agreements. I will deal with imperial preference in a moment. I am not criticizing him, believe me. I say that, at that moment, I would have done what he did. I will go further tonight, and, from this box will say that, even if we had been pressed to sacrifice imperial preference, rather than be defeated by Hitler, I would have paid that price then in 1941. I know the issue that was at stake, but we did not have to pay the price, and, may I remind the House, we have not paid it now and it is not in these proposals. In his book, *The Dawn of Liberation*, the right honorable gentleman said:

"Again, in February 1942, when the United States was our closest ally, I did not agree to



article VII of the mutual-aid agreement without having previously obtained from the President the definite assurance that we were no more committed to the abolition of imperial preference than the American Government were committed to the abolition of their high protective tariffs. The discussion on how great a volume and more harmonious flow of trade could be created in the postwar years under the agreement leaves us in every respect, so far as action is concerned, perfectly free."

Mr. CHURCHILL. Is not that so now?

Mr. BEVIN. Exactly. That is the basis of this agreement on imperial preference—not whether the tariff goes down 40 or 50 percent, but on trade for trade on the merits of trade. That is how I understand it (parliamentary debate, December 13, 1945, pp. 729-730).

While the late President Roosevelt repeatedly told Congress and the country that there were no secret agreements, we now learn, for the first time, from Winston Churchill that a secret agreement was made by the President with Mr. Churchill to the effect that the British were not committed to the abolition of imperial preference as definitely set down in article VII of the mutual-aid agreement.

Subsequent events would indicate that the British never had any intention to abide by the terms of the mutual-aid agreement. Since the end of the war the British have negotiated scores of bilateral trade agreements with countries in the sterling bloc and with the Dominions, which seeks to capture world trade by the British at the expense of American agriculture and manufacture.

The most recent illustration is the long-term wheat agreement with Canada which is now under negotiation by the British and Canada. When it goes into operation, our historic wheat and flour market in Europe will be lost to the British. In addition to annually tying up from 200,000,000 to 350,000,000 bushels of Canadian wheat for several years by the British, this former ally is negotiating agreements with France, Belgium, Holland, and other European countries to provide them with the wheat purchased from Canada. These bilateral trade agreements are against the interest of American producers and contrary to the agreements entered into between the two countries to increase world trade for all of the United Nations. I am inserting here a few remarks made by me on Tuesday, June 18, which disclose the nature of the British-Canadian wheat proposals:

**BRITISH TO NEGOTIATE 7-YEAR WHEAT PURCHASE AGREEMENT WITH CANADA**

Mr. Speaker, while Congress is considering a \$4,400,000,000 loan to Great Britain, British Food Minister John Strachey and L. J. Thompson and E. G. Hardwood, of the British Ministry of Food are in Ottawa, Canada, for the announced purpose of negotiating a long-term contract for Canadian wheat.

The quantity reported to be under consideration is between 220,000,000 bushels and 350,000,000 bushels annually, depending upon whether Great Britain alone is to be supplied or subagreements are negotiated between Great Britain and France, Belgium, and other European countries. The term of the proposed agreement is said to be either 4, 5, or 7 years. Prices mentioned range between \$1 and \$1.50 per bushel.

These bilateral British Empire negotiations will, when completed, effectively close the

European market to the United States grain producers. These negotiations are certainly contrary to the so-called long-range international plans upon which the Department of Agriculture is supposed to be working and which contemplate multilateral international understandings with respect to the disposition of surpluses.

The British loan is scheduled for debate here next week. May I suggest that a loan to Britain at this time would mean financing the destruction of our export grain markets. It is about time that the United States Government required guaranties for the protection of our producers before discussing international loans.

There is some resistance in Canada against the negotiation of a wheat agreement with Britain, but it is expected that home ties will overcome present objections. Many Canadians do not relish the idea that their foreign trade should be restricted and directed by British Socialist leaders.

It is unfortunate that some of the proponents of the British loan have become extremely emotional, without realizing that Britain is out to capture world trade with our money and at the expense of the American people. In urging approval of the loan, the United Nations Committee of Minnesota states:

With 50 percent more industrial capacity than in prewar it is highly important that we move in the immediate direction of expanding world markets. Mass production requires world wide markets. Every increase of \$1,000,000 in exports means 500,000 jobs for American workmen which will help to create employment at home.

Great Britain has made important concessions for this loan including support for the World Bank and fund that are so important in expanding world markets. She will eliminate export and import quotas that cut down our markets. Britain will move to eliminate preferential traffic with her Commonwealth nations that restrict our sales opportunities.

I agree that it is desirable to expand world trade, and I will cooperate to bring such trade into being. However, I emphatically disagree that the British have made, or intend to make, any trade concessions which will increase our export market. Events and acts disclose that the British are out to capture the world market with American gold and dollars, which will greatly restrict our trade area in the world and curtail our exports. The statement made by the Minnesota United Nations Committee that "every increase of \$1,000,000 in exports means 500,000 jobs for American workmen which will help to create employment at home" shows the unrealistic understanding that some have as to the productivity of American workmen. It would not take more than 500 men to produce \$1,000,000 worth of manufactured goods for export in any given year, and therefore, the intimation that 500,000 men will be given jobs as a result of each million dollars worth of exports is stretching the employment facts beyond all realism.

During the early thirties when the Roosevelt administration first came into power, and raised the price of gold from \$20.67 to \$35 an ounce, the British and Dominions sold our Government more than \$12,000,000,000 worth of gold. They made money on this deal, as our Treasury paid them a premium of more than \$4,000,000,000 on the purchase. A

substantial portion of the dollars received by the British for the sale of this gold was invested by them in American securities, which were purchased at relatively low prices. As of today the British are the owners of many large manufacturing plants in this country, and they also own thousands of shares of stock in the leading manufacturing institutions in the United States, as well as a considerable sum of gold repurchased by them during the war years. None of these assets are offered as security for the proposed loan.

In view of the many inaccurate representations made by proponents of the loan, intentionally or otherwise, and since I occupy a position of trust to my constituents, I honestly feel that I would be violating this trust if I gave my approval to the British loan. I shall vote against it, and I want to urge my colleagues in the House to do likewise. I feel that security should be offered for the repayment of the loan, and if such security is adequate to protect the interests of the American people, I may give the proposal my support. I will vote for the motion to recommit which will require security for the loan.

I have come to the following conclusion on the British loan proposal:

First. I am convinced that the \$4,400,000,000 British loan will not be repaid.

Second. I am also convinced that the dollar credit provided in the loan will be used by the British to purchase American owned gold, thereby destroying any world trade which would result to American agriculture and industry in the return of dollars to our country. Gold is a world commodity, while dollars would have to be returned to the United States and used to purchase goods or services.

Third. From statements made by Foreign Secretary Bevin and Winston Churchill, I am convinced that the British will refuse to abolish imperial preferences and the sterling bloc, which was agreed to by them in the master lend-lease agreement and the loan agreement. This means that American products will not have access to countries within the sterling bloc, and that our foreign market for manufactured and farm products will be materially reduced.

Fourth. In view of the large amount of assets owned by the British Government in this and other countries, I am satisfied that the British do not need this so-called loan. However, they are taking it as a gift from a generous ally.

Fifth. While proponents of the British loan definitely state that if this loan is made to Britain, we will not be obligated to make similar loans to Russia, France, and other Allied countries, I am convinced that the British loan will establish a precedent which will require us to make similar loans to all members of the United Nations organization. If we do not do so, we will be charged with bad faith and our effectiveness in world leadership will be destroyed.

I can only come to one conclusion on the British loan proposal, in view of all the circumstances surrounding the scheme, and that is to cast my vote against it.

I am including with these remarks some data on the British Commonwealth

that came to my attention a few days ago. It speaks for itself and will be of interest to those who believe Britain a weak Ally:

#### BRITISH COMMONWEALTH UNDIMINISHED

There is a tendency to underestimate the British Empire in its relation to the Big Three. The impression prevails in many quarters that it is second to Russia, and about on a par with the United States.

Nothing could be further from the truth. The United States is very much the junior partner, and Russia is second by a long stretch. The British Empire leads the world in size, in population, and in international importance.

The abysmal ignorance of the general public, as well as of many leading men, is the result of thinking of Great Britain as the sole representative of the Empire. Many are inclined to ignore the Dominions, the colonies, the protectorates, the mandated territories, and especially the great Indian Empire. All there are represented, even if they have no direct voice, in the Big Three conferences.

The British Empire covers roughly one-fifth of the world's surface. It has an area of 14,000,000 square miles, and a population of 500,870,000.

China has a population almost equal, 490,000,000, but her total area is only 4,500,000 square miles, and that includes Tibet.

The population of the United States is reckoned at 153,000,000, spread over an area of 3,750,000 square miles.

Russia has about 8,000,000 square miles of land area, but a good deal of it is like some of Canada's, uninhabitable or undeveloped. This is not much more than half the size of the British Empire, and its population is about two-fifths, approximately 194,000,000. It may be a few millions more or less. Nobody knows for certain.

The resources of Russia do not equal or even approach those of the British Empire. The vast food supplies of Canada, Australia, New Zealand, and South Africa have no counterpart in the U. S. S. R., whose great export trade has yet to be built up.

The British Empire has a near monopoly of nickel, asbestos, platinum, tin, gold, radium, uranium, diamonds, and various other highly valuable commodities for which there is no adequate substitute. Russia and the United States have some of these in moderate quantities, but the bulk of their supplies must still come from Canada and the other dominions, or from the British colonies.

The political development of the colonies has made great strides in the past few decades. Until 1940 only \$5,000,000 a year was granted by Parliament for administration, but by 1945 this was raised to \$60,000,000. Larger sums will be voted in the future.

The importance of India as an integral part of the British Empire is not recognized as it should be. Too much attention has been paid to political differences, and too little to practical development of natural resources.

India has over one-tenth of the area of the British Empire. Within its borders are 1,570,000 square miles, divided between Indian states and British India. There live 388,800,000 people, but only 95,000,000 owe allegiance to native princes. No fewer than 294,000,000 owe allegiance only to the Crown.

The impression that the British exert despotic control over Indian affairs is far from correct. Out of a total of 200,000 police officers, 1,000 only are British, though they occupy the higher posts.

Ten out of 11 of the judges are Indian. The percentage of native lawyers is very high.

There are 8 Indians to 1 Briton in the general administrative offices, and 30 natives to 1 Anglo-Saxon in the civil medical departments. In the higher grades of engineering the proportion is 14 to 1.

All told, there are about 1,500,000 civil servants in India.

Only 3,000 of these are whites.

At some future time Moslems and Hindus will agree as to what sort of constitution will resolve their religious and political differences. When that day comes, the British Empire will be stronger than ever.

Mr. SPENCE. Mr. Chairman, I yield 13 minutes to the gentleman from South Carolina [Mr. RILEY].

Mr. RILEY. Mr. Chairman, I want you to review with me if you please, keeping in mind its broader purposes, a contract, the resolving aspects of which will set the policy of human relations on both a world-wide and a domestic basis, not only for ourselves, but for generations as yet unborn. This agreement I believe concerns our present and future safety, the preservation of our way of life, and the realization of the aims for which we recently fought a great war. The decision in the matter then is as momentous as any which this Congress has been called upon to render. I want first to remind you that this agreement is between the two nations of the earth most nearly alike in language, in concept of government, and in religious beliefs. It was negotiated on our part by the executive branch of our Government under the authority entrusted to it by the Constitution—the authority to shape our foreign policy, including both the economic and political phases. That is not a new procedure. Such has been true since the founding of the Republic. Able, experienced, and conscientious men from our State and Treasury Departments have given study and consideration to every conceivable angle of the matter, keeping in mind always the desire of the majority of the people of this Nation that they be allowed to live not only prosperously, but peaceably. The agreement contains the bases for the realization of both of these ideals for ourselves, for Britain, and eventually for humanity. The charge has been made that the contract is one-sided. With this view I differ, but to confirm or negate my opinion, I asked a great and learned lawyer, an honored former Associate Justice of the Supreme Court, a man accustomed to analyzing and weighing contractual interpretations, the former Justice, Owen Roberts, whether or not, in his opinion, the agreement was mutually beneficial to both Nations. He replied unhesitatingly and unequivocally, "I do, indeed."

There was perhaps a time in our history when we could afford to hold ourselves somewhat aloof from the rest of the world—when transportation was by horse and buggy, and slow trains, and slower ships; when communications were by word of mouth, by letter, and by a limited telegraph system; when one could look from his window upon the people he considered his neighbors. But that day is past. The mechanical and scientific revolution, created in large part through our own freedom to think, and our own privilege to initiate, has made it possible for any one of us to eat breakfast in New York and dinner in London; has made it possible for any one of us to reach from Washington, in person, the farthestmost outpost of civilization in 2½ days; has made it possible to hear the voice of a

man in Moscow even while he is speaking; and our neighbors are not encompassed within the boundaries of the rim of the far horizon. Mechanically, scientifically and spiritually we are counted as world figures. How then can we justify provincialism in our economic and political thinking? Are we going to admit, even to ourselves, that we are incapable of solving what should be the simplest problem of the ages—the art of living in understanding and mutual helpfulness with other people, and other nations? Certain it is, that if we cannot retain the confidence and cooperation of our friends, how can we ever hope to achieve the esteem and respect of those who are inclined to be unfriendly?

It has been brought out on the floor of this House that Britain and her trade associates control approximately 50 percent of the international business, and that a great part of the business that she does not control is affected by the part that she does control. If you were a businessman on your own account, would you seek representation that had no established business, or would you seek a connection with an experienced firm serving many customers? I believe I know your answer. Not only would you seek out the experienced merchant, but you would grant him a line of credit too, if he needed it, in order to obtain an outlet for your goods; and if this relationship were mutually profitable, as no doubt it would be, your association would develop not only into a business friendship, but a personal one as well.

I am wondering what those of you, who apparently are content to let trade restrictions, business blocks, and economic aggression continue to develop, are going to do about our own people who are dependent upon the processing and transportation of goods and commodities in the foreign markets? The Department of Labor shows that in 1939 when our foreign business was off one-third or more, that approximately a million nonagricultural workers dependent upon this phase of our economy. They show further that around one and one-half million agricultural workers were so engaged. Altogether these groups supported more than 7,000,000 of our population. I ask you to weigh carefully, whether or not it is worth while to keep this large segment of our people in gainful employment, or should we risk again the responsibility of supporting them by a renewal of the WPA? One thing is certain; either these people must have the opportunity of earning their own livelihood, or those who are employed must share their earnings with them—there is no other way. Such a condition developed in 1932 as a result of blocked currencies, trade restrictions, and economic warfare between nations. With that example still fresh in our minds, are we going to let another epidemic of financial adversity impoverish the business health of the world, or shall we try an antitoxin? Many years ago a great philosopher, John Ruskin, said in substance that the true physician's chief concern was to cure his patient. His fee was secondary. The physician would rather cure his patient, and lose his fee, than lose his patient, and collect his fee. It appears to me that we cannot hope to



build a healthy and stable world so long as the peoples of that world fear that there is no opportunity for them to sustain themselves. As fabulous an amount as is three and three-quarters billions of dollars, it is but 2 weeks of the cost of the last war. Measured in such terms then, how little it is to spend to unlock the outer door of the house of peace. I am not so naive as to tell you that the opening of this door alone will bring these results. I know that there are other and inner doors, but they cannot be reached until this first door is passed.

Back in the dark days of not so long ago, when the marching hordes of Hitler shook the face of Europe with their tread, and cast the shadow of possible events to come upon our own shores, nothing was too good for Britain. We sent them bundles of food and clothing. We sent them destroyers and bombers. We finally established lend-lease. There was little opposition when we chose to help England to help us to win the war. How short-sighted we would be, then, not to help Britain to help us to live the peace.

To a large extent, more than any other nation, we in America are responsible for the world of tomorrow—whether we shall live in an atmosphere of friendship and understanding and cooperation, or whether once again, as so many times in the past, we shall allow the seed of dissension and unrest and distrust to grow into another and greater conflict. What did we promise the young men of America who went forth to preserve our liberty and to make possible the continuation of our way of life? I seem to recall that we told them that we would not make the mistakes that we made after World War I. We told them that we would leave no stone unturned to establish the peace for which they fought. I do not know how you feel, but I hope that you feel as I do, for I want to be able to stand before the little white crosses in foreign lands where rest the mortal remains of noble men and say to their spirits, without reservation, "You have not died in vain." I want to be able to look squarely into the eyes of those who have returned from that valley of the shadow of death and say to them, with a clear conscience, "I have not let you down, my buddies. I have kept the faith."

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. HAND].

Mr. HAND. Mr. Chairman, it would serve no useful purpose for me to participate at length in this already too lengthy debate. Members have been studying this proposal for months, and nothing new can be added.

Suffice it, then, to say that I cannot bring myself to support the British loan. I have examined with care all the principal arguments in its favor, and I remain quite unconvinced that the loan is necessary to Britain, will prove helpful to the general economy of America, or, in the long run, will serve the cause of international friendship.

We can not buy stability for England; no more can we buy her goodwill. England unstabilized herself in her last national election, and her socialist leaders are unsparing in their criticism of our

"decadent capitalism" from which they seek favors.

If the time comes, Mr. Speaker, when we need an export market—right now we need everything we grow and make—our goods will command a market in exchange for what we need. We will find a way to sell them for something other than our own dollars. In the meantime, I am not interested in a helping hand for some export firms and banks with an international business.

This financial agreement provides a very large and solid sum from us, for little in return except vague promises. And I am not much impressed with promises of the present British Government. Mr. Laski seems to dislike us almost as much as I despise him, and certainly Mr. Bevin is no credit to a long and distinguished line of British statesmen.

Britain still owes us billions, and no real attempt was made to pay it, and I doubt my constitutional right to give more. This loan will cost my district \$10,000,000, a sum which I doubt they want me to give away in their behalf.

Mr. Chairman, I greatly admire the gallant people of Britain, and I think we will always be friends. More debts will not keep that friendship.

I expect this loan to pass, adding more billions to our debt of \$270,000,000,000. History will show that we cannot mold the world with our money, especially with money we have not got.

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. LANDIS].

#### THE BRITISH LOAN

Mr. LANDIS. Mr. Chairman, I never rose to address the House with a greater sense of responsibility than at this moment. Anything that I say may not change a single vote. I only wish it were possible to convince a few Members how important this measure is to the future of our Nation. However, it does seem to me important to make a record, if it is possible, in this critical hour of our Republic, so that future generations, if they turn back to the CONGRESSIONAL RECORD, may know that there were some Members of Congress who tried to stop the New Deal spending spree in America.

This piece of legislation is the greatest hoax that was ever presented to the representatives of the American people. The American people are against this foreign gift loan because it is a worldwide pump priming scheme at the expense of the American taxpayer.

For several years, now, we have been marching toward bankruptcy. It is time to call a halt on public spending and foreign hand-outs. We must break this spending habit before repudiation and run-away inflation overtake us. Every man who works with his hands, every veteran, every property owner and renter, millions who own bonds and savings, and those on retirement pay must take a hand in this great struggle to reduce taxes and preserve our freedom.

The declaration of the Republican Party had this to say:

The solvency of our Government must be assured. Outlay must be brought in line with income. The value of the dollar must be maintained. Economy in Government

spending must be achieved. Extravagant spending now advocated by the administration in every field can only lead to ruin.

The President's budget is by far the largest peacetime budget in the history of the Republic. It calls for \$35,800,000,000, as against an estimated \$31,500,000,000 in revenue receipts, thereby extending deficit Government spending.

How can a conservative Member of Congress vote for the British loan and expect to balance the budget and reduce domestic expenditures? To eliminate the proposed loans to Britain and other foreign countries, and immediately abolish all unnecessary bureaus, would add materially in bringing about a balanced budget. Public spending is no panacea for domestic problems, nor is public spending a panacea for foreign problems.

Just remember there will always be an America unless the New Deal gives it away. We must not bankrupt America in order to finance the world. The British loan must be defeated. Uncle Sam must not play the role of Santa Claus to foreign countries to make socialism work in England, or communism work in Russia. Too many Americans are disturbed about Great Britain going communistic, instead of being disturbed about the communistic activities in America. Nothing would suit the Communists any more than for us to spend ourselves into bankruptcy.

If this loan passes, we might as well forget about stopping inflation. Every time we spend or give away another billion dollars we reduce the value of our dollar. Spending, lending, giving, and losing will lead to runaway inflation.

Anyone who tries to tie up this loan with the promotion of future peace has about run out of arguments. If there is anything to that argument we shouldn't have had this last war. History shows that such loans will not make for peace. After the last world war we were severely criticized for trying to recover on debts owed us. Common sense teaches us you cannot buy friendship. If we make this loan to Britain we will be compelled to loan to other nations, or we will create dissension throughout the world. The cost of all foreign loans would total about \$17,000,000,000. To approve them would cause bankruptcy at home. I believe this loan is more likely to promote war than it is to preserve peace.

America is not selfish. We are the biggest-hearted people in the world. We will help anybody anytime. We have and we will continue to extend the hand of Christian fellowship as far and as fast as other nations will reach out to take it in a firm resolve to work together to preserve peace. But in doing so we must safeguard our security. I fully realize that America as a Nation cannot enjoy permanent good health surrounded by a world which is seriously ill. I believe it also follows that a sick or weakened America cannot effectively contribute to the ills of the world.

The proponents of the British loan contend that money will come back to America in wider markets, if the plan works. In answer to this argument—foreign trade means nothing if we have to furnish nations the money to purchase

our goods. If this trade argument is sound, why wouldn't it be better to distribute money to our citizens in veterans' benefits, old-age pensions, wages, farm prices, then both the money and goods would remain in the United States. Some believe that our failure to give Britain the loan on her terms will cause her to impose trade restrictions that will seriously affect our own economy. I do not fear a threat of trade restrictions because foreign trade is a two-way street. America is capable of looking after herself in a trade war. We will continue to purchase needed products from Great Britain and Britain will continue to buy our products if they cannot get them from their far-flung Empire.

I understood that the Bretton Woods plan and the Export-Import Bank would take care of loans to foreign countries and there would be no need to furnish additional loans. According to the testimony given before the House Banking and Currency Committee, during hearings of the Bretton Woods agreements, there were no loans or agreements in process of negotiation or contemplated with Russia, Great Britain or China.

Where are we going to get the money to make this loan? You know the answer. Every American will be called upon to pay his share. Businessmen will have to pay. American farmers will have to pay. American workers will have to pay out of their withholding taxes. We will be compelled to keep our nose to the grindstone for years to come. Now is the time to serve notice on these foreign countries that they will have to go to work and solve their postwar problems as we will have to do.

Why should we make this loan to Britain? The British are by no means "strapped." They have unmined gold reserves of \$24,500,000,000, unmined diamond reserves of \$8,800,000,000, and \$14,000,000,000 in foreign investments. They possess vast stores of rubber, wool, cotton, and valuable scrap.

The British own 1,500,000 shares in United States industries: General Motors Corp., 434,000 shares; Radio Corp. of America, 177,000 shares; Amerada Petrol, 133,000 shares; Chrysler Corp., 36,000 shares; Standard Oil of New Jersey, 198,000 shares; Standard Oil of Indiana, 315,000 shares; Socony-Vacuum Oil Co., 130,000 shares; American Telephone & Telegraph Co., 70,000 shares; and United States Steel, preferred, 21,000 shares.

Do you believe the American taxpayers are willing to finance huge salaries and allowances to support royal households in foreign lands? Let me give you the figures for the British royal household: King, \$444,400; salaries of royal household, \$541,360; royal household expenses, \$617,312; alms and bounty, \$53,328; Queen, \$282,800; Princess Elizabeth, \$24,240; Duke of Gloucester, \$141,400; Princess Royal, \$24,240. The total amounts to \$2,129,080 per year.

If you take a look at our indebtedness you can understand why the British loan should be defeated. We now have a national debt of about \$272,000,000,000 or \$2,000 for every man, woman, and child in the United States. Great Britain owes about eighty billion.

The British loan will cost every man, woman, and child in the United States \$28, or \$140 for every family of five. Three billion seven hundred and fifty million dollars is a lot of money. This amount of money would encircle the earth 16 times with \$1 bills placed end to end.

Just remember when you respond to the roll call on the British loan you should keep in mind that for every community of 5,000 people in the United States the British loan is the equivalent of giving away a \$140,000 modern school building. This amount will purchase \$5,000 homes for 750,000 American families. It will purchase a decent hospital in every county in the United States. It would pay our school-lunch program for the entire United States for the next 50 years.

The American people are against the British loan. Let me read you a few excerpts from letters I have received. This one is from Texas:

I am a native from the State of Texas and, of course a Democrat, but I am not in favor of giving Britain as much as a thin dime, and all of my ancestors were English.

New York:

My husband and I hope that you and your colleagues will be able to protect our substance and integrity from wolves, in or out, of sheeps clothing.

Ohio:

I think that's about the best bit of horse sense coming out of Washington in several moons.

Missouri:

You are to be congratulated for taking an interest in American taxpayers and I trust you will be successful in stopping this steal.

New Jersey:

Why must this country always be the goat for England?

Colorado:

Let the people who want to lend to foreign countries buy bonds to furnish the money.

North Dakota:

Keep up the good work and clean up that foolishness going on down there.

California:

Here's hoping more can visualize a green pasture here for the next generation, rather than bankruptcy and enslavement.

Wisconsin:

Let British aristocracy go to work, it will do them good.

No, we must not bankrupt America in order to finance Great Britain and the rest of the world. With millions of veterans to be taken care of, with millions of old people receiving inadequate old-age assistance and the need for more and better schools and hospitals all over the country, it is unthinkable that anyone would add further to our multibillion-dollar national debt for the benefit of any foreign country.

Everyone knows that we cannot continue to give our money and resources without jeopardizing our own welfare. American taxpayers cannot afford to pay billions in subsidies to the British Empire. The American taxpayers cannot uphold the British Empire forever.

If you bankrupt America you kill the goose that laid the golden egg.

Mr. GAMBLE. Mr. Chairman, I yield 10 minutes to the gentlewoman from Connecticut [Mrs. LUCE].

Mrs. LUCE. Mr. Chairman, there is nothing—or so it seems to me—which can now be said on this floor, to influence the vote of any Member in behalf of the British loan. Every aspect of the loan—economic, political, and moral—has been thrashed out thoroughly. I am one of those who regret deeply that some of the debate has been pitched at the mischievous and profitless level of racial or rationalistic prejudice. In these long hours of debate, if that famous alien, the Man from Mars, had been in the gallery, he might well have concluded we were discussing a loan to some treacherous enemy recently defeated by us in battle; a loan, which if granted out of the soft-headed generosity of the American people would allow—even encourage—that nation first, to destroy our trade, and secondly, to atomize our cities. The truth is, of course, that we are proposing a loan, a seed loan, a grubstake if you will, to our oldest and stanchest and most gallant ally, Great Britain, who has fought with us in two World Wars. And a loan, to boot, which is largely to our own economic and political self-interest.

Thinking back over the long debate, I find myself in wholeheartedly—and I think hard-headed—accord with the gentleman from New York [Mr. WADSWORTH] and the gentleman from New Jersey [Mr. EATON] and the gentlewoman from Ohio [Mrs. BOLTON] who have so brilliantly and warmly combined the moral, political, and economic arguments for the loan in their speeches to us. It is only for the Record's sake that I impose further words upon you.

May I before setting forth some of the facts of the loan, as they present themselves upon study, return to a debate on our foreign policy in which I took part on the floor of this House, some years ago, when the war was raging?

In June of 1943, I spoke of a question which has not ceased to concern us all: What is America's foreign policy, and what should it be? I find that although 3 years have passed, my mind has changed little about the paramount importance to our national security of our relations to Great Britain. This is what I said then:

The British Empire is America's natural buffer state.

As France has stood between England and Germany for centuries, as Poland, Czechoslovakia, and the Balkans have stood between Russia and Germany, so there, my colleagues, on the globe stands the far-flung British Empire between the United States and all its real or potential enemies, in Europe and to some extent in Asia.

Let us say that mighty Russia might be our next enemy. Attacking from the polar cap, even Russia would have to pass through, or over, Canada to get at us. Attacking out of Siberia past Japan, striking at Alaska, Russia would still have to go through Canada to reach American heartland. . . .

Therefore, it is, I think, obvious beyond dispute that the base line of our search for an American foreign policy must be our relations with the British Empire.



And I said then that I believed that the American foundation stone of an American foreign policy ought to be a firm understanding with Great Britain and the self-governing members of the Commonwealth. Then there was no UNO; today there is. Then I said, 3 years ago:

The high-minded, sincere internationalists, or the deliberate makers of political confusion may talk all they want about world organizations, regional federations, leagues of nations, and other desirable mechanisms of collective security. I submit that in this epoch of history, collective security is meaningless without the firm and clearly established military, as well as economic and spiritual, collaboration of the United States and the British Commonwealth.

Today and tomorrow the question is not paramountly the peace of Europe but of the world. In the world scene, any scheme, however noble in concept, to maintain peace will in the last analysis be no better than the character and clarity of the relationships between the United States and the British Commonwealth.

That was 3 years ago, Mr. Chairman. It is true today. It will be true 10 years from now. But our vote today on this loan will largely determine whether or not we shall continue to count Great Britain our staunchest friend among the nations—or force her into the arms of future enemies.

Mr. Chairman, the British are a proud people. Only the extremity of their need would allow them to seek this loan, in view of the bitter, one might almost say, evil suspicions that have been hurled at them from many quarters, merely for asking it. The need is unquestioned. To be sure, there is no doubt that from a strictly financial view there may be reasonable doubts as to whether or not they will be able to pay it all back according to the terms of the agreement. But I think common sense should suggest to everyone that they will do their utmost to pay it back. For the future of their nation will not be a happy one if they do not. They would lose the economic, military, and diplomatic support and cooperation of America in the long years ahead if they fail to do so. And without this support, which they need perhaps even more than we need theirs, the British Empire would fall apart at every colonial and commonwealth seam—and some foreign nation, at its leisure, could gobble up the pieces. It seems to me that anyone who understands how the balances of power have shifted in Asia and Europe since the end of this war must realize that the very terms of survival for Great Britain is that she must keep American good will, support, and cooperation. Therefore, she must—and will—as a matter of self-survival make every effort to honor the spirit and substance of this financial agreement. That is national and international common sense. In short, our true guaranty for this loan is Great Britain's urgent need to avoid—by losing our friendship—a state of isolation from us in which she could be—and I believe would be—blitzed and destroyed in whole or in part by an aggressor nation which might seize precisely such an opportunity to do so.

Mr. Chairman, if we grant this loan we will be taking one firm step toward

forming a sound American foreign policy—and that means toward peace and prosperity.

Mr. BENDER. Mr. Chairman, will the gentlewoman yield?

Mrs. LUCE. I yield gladly to my good friend.

Mr. BENDER. What would this do in the event that this loan were granted? Would this open the door wide for other nations to ask similar loans? For example, would it give Russia the right to ask us for three or four billions more? Would it be regarded as requiring us to loan to Russia because we have loaned to the British?

The CHAIRMAN. The time of the gentlewoman from Connecticut has expired.

Mr. WOLCOTT. Mr. Chairman, I yield the gentlewoman from Connecticut two additional minutes.

Mrs. LUCE. Any nation has at all times the right to ask for a loan and we also have the right to give or refuse it, on its own merits, regardless of the merits of previous requests from other nations. I am not a banker, but I am sure no banker feels morally or financially obliged to loan money to every party which asks him, simply because he made a loan which he considered sound to the first party who requested one.

The United States finds itself now in the position of the banker of the world, and it must consider loans as they are presented, making good ones, ones to its own interest when they come up and refusing bad ones as they come up, in their turn.

The first large loan which presents itself is the British loan. If a Russian loan should be presented to this House, that too ought to be considered strictly on its own merits. If and when such a loan is before us, the House can make such decision as seems wise about that loan. I already have my mind made up that it is a wise policy to consider loans to friendly, nonaggressor nations who need help if we can give it.

Mr. McDONOUGH. Mr. Chairman, will the gentlewoman yield?

Mrs. LUCE. I yield.

Mr. McDONOUGH. The gentlewoman spoke a moment ago about the importance of Great Britain's retaining our friendship and because of the friendship the necessity of paying back the loan. Does the gentlewoman believe that it is essential to the United States that we retain the friendship of Great Britain in the same proportion as they retain our friendship? Which is the more important?

Mrs. LUCE. The word "friendship," I think, is somewhat abused between nations. Mutual self-interest is better. Even if we did not feel very friendly toward Great Britain, and a great many people in this House do not, it would still be to our self-interest to make the loan, and to Great Britain's to repay it. What is mutual is, by definition, as important to the one as to the other.

Mr. Chairman, may I review briefly some of the facts, the economic facts which form the background of this British request for American financial aid?

Before the war, England was the largest importing country in the world. She

bought overseas most of the food for her people and the raw materials for her industries. Her whole economy was geared to earn enough from her foreign business to pay for these essentials of her economic life. She paid for half of her imports by exports of manufactured products, a quarter by income from investments abroad, and the remaining quarter mainly by shipping income, and the income of insurance, banking, brokerage, and other services. Her stability and prosperity were based on her ability to keep these sources of income at a high level.

This balance between British receipts—inpayments from abroad—and expenditures—outpayments abroad—was completely disrupted by the war. You know the reasons. Even before the war, the growing tension required huge British purchases in this country for rearmament, and gold and dollars fell from more than \$4,000,000,000 to about \$2,500,000,000 between the Munich crisis and the invasion of Poland. When the war began, Britain's demand for imports increased to extreme proportions, and she had to finance a large part of the war effort to various parts of the British Empire. At the time her foreign exchange receipts—her exports, her income from investments and her shipping services—were drastically curtailed. Gold and dollar reserves actually fell to a level of about \$12,000,000 at the time of the institution of lend-lease.

With the continuance of the war, strong measures were taken to mobilize and conserve foreign-exchange reserves for essential war purposes and to exclude or limit imports that would use foreign exchange required to meet more urgent needs. These wartime currency and trade measures are still in effect. We recognize that they were necessary in the war emergency. We believe they are harmful to world trade and prosperity in time of peace.

The objective of the United States in the discussions with the British on the financial agreement was to secure the prompt removal of these wartime currency and trade restrictions, particularly the sterling area, blocked sterling, and the dollar pool.

One problem underlying the financial agreement is the prompt elimination of these wartime restrictions, so that American exporters can have access to all the markets of the world on a fair and equal basis. Neither England nor the sterling-area countries want to keep these restrictions. But England will have to continue these restrictions unless she can find some other means of securing the imports which provide the bread and the work for her people. And that is the second problem underlying the financial agreement.

Here are the essential facts. The war has seriously impaired England's international economic position. In the next few years, England cannot earn enough to pay for her most essential imports.

Because her industries were converted to war production, the quantity of British exports in 1944 was only 30 percent as much as in 1938. British net income from foreign investments is now only half of what it was before the war be-

cause some of these investments had to be sold and because England incurred a large foreign debt. The British merchant marine is one-fourth smaller than it was before the war.

Every important source of British income from abroad has been substantially curtailed. It is inevitable that during the transition to peace, the British must buy more than they sell, even if they maintain a very restricted standard of living. The total transitional deficit in the British international accounts has been variously estimated at \$4,000,000,000 to \$6,000,000,000, or even more, and the period of time which must elapse before the accounts can be balanced has been estimated at 3 to 5 years.

Britain needs credit; that fact is inescapable. Two alternatives are available. Either the British can receive some assistance from outside the sterling area and abandon the wartime restrictions, or they can continue and extend these restrictions and force additional help out of the sterling area. In our own interest we must make it possible for England to abandon the wartime currency and trade restrictions and join with us and the United Nations in a program of international economic cooperation.

The financial agreement meets these two problems in a manner that is advantageous to both countries. Under the agreement England undertakes to remove the restrictions that stifle trade and the discriminations that put our producers at a disadvantage in all British markets. Here is what England will do.

First. Within a year England agrees to make all sterling arising from current trade convertible. If Mexico and Egypt export to England they will be able to use the money they get in any country. That means they could convert the sterling into dollars and buy radios or refrigerators in the United States.

Second. Within a year Britain will dissolve the dollar pool. The money that the sterling area countries get for their exports to the United States could be spent here without getting an allocation from England. That means that India could use dollars to buy American machinery instead of being forced to buy English machinery.

Third. Exports of goods and services from the United States to England will be paid for in dollars, or if paid in pounds, the money can be converted into dollars by American exporters. That means the American movie companies which in the past have experienced considerable difficulty in getting their earnings from Britain will now be paid in dollars.

Fourth. The blocked sterling balances will be settled by England and the countries concerned. Any payments on these balances, whether now or in later years will be free for making purchases in any country, including the United States. That means that England will not force these countries holding more than \$13,000,000,000 in sterling to buy British instead of American goods.

Fifth. England's import controls will be administered in a manner which does not discriminate against American products. That means England will not keep out American fruits and nuts in order

to buy these same products in Portugal, Egypt, or India.

Sixth. England will support the American proposal for an international trade organization to reduce trade barriers and eliminate trade restrictions. In this way England supports our policy of expanded trade, with all countries having access to world markets on fair terms.

In the long run, these fair trade and currency practices will help England, too. With expanded world trade, British exporters will find better markets. But it will take several years before British exports are increased sufficiently to make good her heavy foreign exchange losses during the war. In the meantime, England needs credit if she is to secure the imports essential to her people.

England can undertake these commitments only if she can get help in paying for her essential imports while her trade is being restored. Part of the help she will get from other countries. But most of it can come only from the United States.

This is the second problem that is met by the financial agreement. If Congress approves the agreement, the United States will open a line of credit of \$3,750,000,000 against which England can draw to pay for her imports. None of the credit can be used to pay any of Britain's outstanding debts. These will have to be met from other resources. The money can be used only for imports and other current payments.

This credit will remain open for use by England until 1951. She must then begin to repay the credit with interest at 2 percent. The repayment will be in the form of 50 equal annual payments covering principal and interest. The principal of the credit due each year must be paid without qualification. However, if world trade should become severely depressed, the interest due in that year would be waived, but payment of interest would be resumed as soon as trade recovers.

As you can see, the credit is not a gift. It will have to be repaid with interest. And the credit will not mean that England can import all she wants. Consumption in England will still have to be kept down to something like wartime austerity.

What will Britain do with this money? Some of the money she will use to buy food and raw materials for her people and her industries. Some of the money she will use to buy essentially needed equipment to restore British industry that have suffered from war damage or neglect. Much of the money will be spent in this country; but part of it will be spent in Latin America and in the sterling area. Even with the credit from the United States, the English people will have to maintain a restricted consumption of imported foods and other consumer goods which will be very little better than during the war.

The fact that Britain will now be able to pay for its imports with funds that can be spent anywhere, and not with inconvertible sterling, will mean that the trade of most of the world can be quickly freed from wartime restrictions. The import and export of goods will longer involve the kind of risks that business-

men cannot take. It will no longer necessitate agreement between governments on the means of payment for such goods. World markets will be open to businessmen on fair and equal terms.

The credit to England is not a precedent. There is no country in the world that has the same problem as England. There is no country in the world whose currency and trade policies so widely affect the whole course of world trade. The action of England on wartime currency and restrictions will be the key to whether the world will return to international trade on a business basis, or on the basis of government controls and regulations of trade and foreign exchange.

Other countries will need help. That help they are expected to get from UNRRA, from the Export-Import Bank, and from the international fund and bank. It is not expected that any further loans will be needed by special act of Congress after the British problem has been met.

Many people who are in favor of the credit to England are troubled by the possibility that it will add to the inflationary pressures we already have. Of course, the loan will increase spending in this country over the next 5 years. Even, if all the money were spent in this country, it would amount to only one-half percent of the total spending by our own people in the next 5 years.

In fact, the loan will help fight inflation. It will do this by encouraging production and trade. When trade is freed and production restored, supply will meet demand, and pressure on prices will be reduced. The loan to Britain will help restore production and trade all over the world. And now I come to my last point. The financial agreement with England is an essential part of our program for a peaceful and prosperous world.

The people of the United States and the United Nations have agreed on a program in which countries cooperate to maintain peace and prosperity. The United Nations Organization, with its Security Council, General Assembly, International Court of Justice, and Social and Economic Council, constitutes one side of this program. The Food and Agricultural Organization, the International Monetary Fund, and the International Bank for Reconstruction and Development, and the proposed International Trade Organization constitute another side of the same program.

This program recognizes that it is not enough to get countries to agree on political cooperation. That is important, of course. But we must do more than that. We must support all our efforts for peace by providing an environment of stability and order in international economic relations. We must remove the economic causes of conflict. In such an environment, peace can flourish.

The United Nations have gone a long way toward establishing such an economic foundation for peace. They have agreed on cooperative measures to provide the capital for restoring the economies of war-torn countries. They have agreed on the principles of fair currency practice essential to international trade



and investment. And they are now considering the adoption of principles of fair-trade practice that will reduce the barriers and eliminate the restrictions that prevent an expansion of world trade. This is a program in which the people of all countries have placed their hopes for orderly and beneficial economic relations.

Our program for international economic cooperation depends on having England adopt the fair-trade and currency policies for which we stand. England's actions set the pattern for the whole British Empire and the sterling area. These countries account for more than a third of the international trade of the entire world. These countries are our best customers. American producers, the producers in all countries, need a fair and equal chance in these markets and in all the markets of the world.

A world that trades on a fair basis is a prosperous world. A prosperous world is likely to be a peaceful world. That is why the financial agreement with England is a vital part of our whole program for peace and prosperity, and an integral fact in forming a sound American foreign policy.

Mr. SPENCE. Mr. Chairman, I yield 3 minutes to the gentleman from North Carolina [Mr. COOLEY].

Mr. COOLEY. Mr. Chairman, I am quite certain that anything that might be said at the moment would be an anticlimax, and would be of very little force and effect, but I appreciate this opportunity to discuss briefly the very important proposition now under consideration.

In closing this debate I want to emphasize the paramount importance of the issue which will be decided by this House tomorrow.

Mr. Chairman, a few short years ago the Congress and the people of the country thought that we could quarantine aggressor nations and isolate ourselves from other parts of the world and remain neutral while the rest of the world was destroying itself. We thought that we could remain free while the rest of mankind was enslaved. We thought that we could continue to be prosperous and powerful while the rest of the world died of starvation and want. We enacted neutrality laws and embargoes. We defined combat zones and placed restrictions upon both our men and material. We went up the hill and down again. When we came down the hill we decided to become the arsenal of democracy. No nation ever embraced a task of greater magnitude.

We became the arsenal of democracy. We mobilized our resources and we mobilized the greatest fighting force that the world has ever seen. Time was the most important factor. We were loving peace and hating war, but with a suddenness and an impact that dazed and shocked our sensibilities, war came upon us.

When war came upon us we entered it with all of our might and main. We mobilized a superb fighting force and all of our citizens and resources were rededicated to the cause of freedom. We talked a lot about the "four freedoms."

We talked about a high and holy code of ethics and of a new civilization. Our hearts went out to the enslaved people of the earth and we talked of vindicating the immutable principles of liberty. At that time men were bleeding and dying on the ramparts of freedom and we thought of a new world—the world of tomorrow. Yes; we were motivated by the ancient law of self-preservation, as we saw the citadels of freedom trembling upon their foundations and swinging in the vacillating scales of uncertainty, and we were determined that the institutions of freedom should not perish from the earth.

Neither men nor nations bleed and die because of purely altruistic impulses. We fought, but when we fought the very foundations of our Government were trembling and the men of America were being murdered and maimed and our Territory, the beautiful islands of Hawaii, was invaded and imperiled. On December 7, 1941, the dreadful decision was made and from that day on we thought only of the victory which likewise came with a suddenness and an impact, which found us wholly unprepared for the problems of peace. We were no better prepared for the impact of peace than we were for the shock of war. Time is always an important factor in the slow processes of democracy. Let us think for a moment of the time that elapsed between September 1, 1939, and December 8, 1941.

In this debate it has been suggested that World War II was England's war; that we only made a grand and magnanimous contribution. Yes, it was England's war, but it was not England's war merely because she was the first to feel the deadly fangs of the vulture of autocracy. It was not England's war because she was the first to make a declaration of war, on September 1, 1939. It was not England's war because she stood alone while other nations looked on. No, it was England's war because she loved the institutions of freedom. Certainly England fought in her own best interest. She actually stood alone in the "rocket's red glare" while time permitted us to convert from peace to war. Shall she continue to stand alone while we reconvert from war to peace, or shall we in our own best interest help her climb to her feet again by giving her financial aid which is so urgently needed and which we can ill afford to withhold? Certainly England fought for England and America fought for America, but we both fought for a common cause, the preservation of the institutions of freedom, which neither could have defended successfully without the aid and assistance of the other.

During the war we sang songs of victory—When the Lights Go on Again All Over the World—and we sang another song—There Will Be Bluebirds Over the White Cliffs of Dover Tomorrow Just You Wait and See. Yes, the lights have gone on again all over the world, and the bluebirds are over the white cliffs of Dover again, but, unfortunately, fear has not been driven from the hearts of men, and we are still living in a rather sad and sorry world. When we were singing songs of victory and thinking of the world of

tomorrow, buzz-bombs were bursting over Britain, and the rockets, the V-1's and V-2's had driven the bluebirds away from the white cliffs of Dover, along the Channel coast. The city of London was being destroyed and countless thousands were being murdered and mutilated. England needed us then and she needs us now. We needed England then and we need her now, if we want to continue in the ways of peace and prosperity.

You cannot look upon the ruins of London and upon the thousands of destroyed homes, or stand in the ancient House of Commons in Westminster Hall and look through gaping walls up to the sky, without thanking God for the courage and fortitude of the British people and without thanking God that our own beautiful cities were untouched and unmarred, and still stand as magnificent monuments to a great and prosperous nation. The prosperity of our Nation and the future peace of the world might depend upon the action taken by this House upon the pending measure. There has been a cessation of hostilities. The enslaved people of the world have been liberated from the fear of tyrannical power, but they have not been liberated from the fear of want. Have we changed our minds again? Do we now believe that we can isolate ourselves from the suffering of humanity? Do we now believe that we can live in this one world alone? If men were still dying on the battlefields and on crimson seas, would we withhold this line of credit which is so badly needed by our gallant ally? Oh, no; it would be granted by unanimous consent. But we are told that the war is over. Yes; the war is over, but men and women are still dying, by countless thousands, in other parts of the world, and we are now faced with the proposition—Shall we think no more of friendship? Shall we do nothing to perpetuate the peace which was purchased at such a precious price? Shall we turn our backs upon England, our greatest ally in war and our best customer in peace? Are we no longer interested in world trade and in the channels of commerce? Shall we drive a wedge into this bond of friendship and separate ourselves from our comrades who cherish the same ideologies and love the same institutions that we have cherished and loved through all of the long years of the past?

You say this is no time for platitudes. This is no time for pious pronouncements and I agree with you. This is the time for a realistic reappraisal of our own situation in this world of tomorrow, in which we now are living. While we can strip this proposition of all sympathetic and sentimental considerations, we cannot lose sight of the political implications involved, but if it better pleases your sensibilities, I should like to consider it on the basis of good business, for I actually believe that it has a sound economic basis.

America and England were dependent one upon the other in the critical time when the future of civilization was imperiled. The happiness and well-being of both Nations are now at stake, and we are now in the days of peace, likewise dependent one upon the other.

In the fall of last year top-ranking representatives of both the United States and Great Britain sat down to negotiate a mutually beneficial financial agreement. American representatives were not pro-British or pro anything except the best interests of their country. Indeed, it would be difficult for anyone to maintain successfully that Messrs. Vinson, Byrnes, and Clayton were men of a sort to "sell their country down the river," as seems to be the assumption of the opposition.

Whether the Congress likes the British or dislikes them, whether it agrees with what they do here or do not do there, is wholly irrelevant when compared with the major issue—the best interests of the United States. This and this alone is the touchstone by which this agreement must be considered.

This financial agreement formulated by America's top-ranking representatives is in the long-term interest of the United States. Only a prosperous world, only a world which from a stage of near chaos and disintegration has received assistance in regaining its foothold economically, only such a world will be able to buy the tremendous industrial and agricultural surpluses which the United States will have on hand once the present abnormal domestic demand for certain categories of goods has been satisfied.

Let us not forget that this agreement is not only of long-term importance, but of immediate concern. If, after seven long months of indecision, during which time British gold and dollar reserves have been reduced to a low level, this Congress now rejects the Anglo-American Agreement, and the loan which accompanies it, then the drastic cuts which Britain will have to make in her dollar purchases will have an immediate injurious effect here in the United States. This will not be occasioned because of Britain's desire to retaliate. It will simply be because she will not have sufficient dollars with which to make her usual purchases; purchases which are of great importance, in view of the fact that Great Britain is America's best customer. Any rejection by Congress of this loan agreement would leave Britain no alternative except to buy everything she possibly can from nondollar sources. Contracts, yes, even current contracts and obligations, for tobacco, cotton, machine tools, Hollywood movies, and other items would have to be canceled or severely scaled down. Such inevitable cancellations would have serious results in many parts of the country. Let us not forget that if we were to reject this agreement we would be hurting not only Britain, but we would be needlessly hurting ourselves. A strange idea seems to be prevalent in some quarters that an agreement which is beneficial to one Nation must necessarily be harmful to another. Such an attitude reveals a lack of experience in ordinary business transactions.

Let us not be unmindful of the probably disastrous consequences to the future of the world peace if by our action we drive into two warring camps the English-speaking countries upon whose

unity and continued cooperation depends so much of the future peace and prosperity of the world.

What will we do with our surplus agricultural and industrial output if the wheels of world trade and commerce do not start to turn again? Where will we sell the surplus? We have the greatest merchant marine that ever sailed the Seven Seas, and we have a production capacity which surpasses that of any other nation on earth. We have an interest, therefore, in world trade that is greater than that of any other nation in the world. We know what happened following World War I, when short-sighted men isolated this Nation by lifting an insurmountable tariff wall. Yes, we could produce then, and we did produce then, only to be buried beneath the surplus of our production. I for one am unwilling to embark again upon such a short-sighted policy.

Regarding further this proposition upon the basis of good business, I want to bring this situation a little nearer home. England is our best customer. Normally British purchases of cotton in this country ran as high as \$100,000,000 a year, and British purchases of tobacco in the United States totaled from seventy to one hundred million dollars a year, to say nothing of motion-picture films, machine tools, petroleum products, and other industrial and agricultural commodities. Great Britain purchases more than one-third of the flue-cured tobacco produced in the tobacco-growing States. If British buyers leave our markets it will paralyze the economy of North Carolina and many other States in the Union. We do not have to guess about what will happen. We have had experience and we know what will happen.

In the fall of 1939, when England declared war on Germany, our sales of tobacco were not merely curtailed. The price of tobacco did not merely decrease. Our markets were actually closed. The warehouse doors were shut, and a cloud of despair hung heavy over the heads of our people. Do we want this to happen again? If British buyers fail to purchase their normal amount of tobacco, our domestic markets will be flooded and we will be buried again beneath the surplus which will accumulate here at home. This is no idle dream. It is a realistic appraisal of the situation we are facing. If this line of credit is not extended, the people in the tobacco country of America will be facing another major economic catastrophe. So, on the basis of purely selfish motives and business reasons, I can justify my vote in favor of this measure. If the line of credit is not extended and England does not have the dollars with which to purchase, and we are driven from the markets of the world, how can we support the economy of our country? Someone has said that England will have to buy American agricultural and industrial products. This, we know, is a false and fallacious argument. We normally export over 50 percent of our tobacco crop. Are we not, therefore, interested in Great Britain when we realize that tobacco is being grown in Rhodesia, India, China, Japan, Man-

churia, Canada, South Africa, Java, and in South American countries?

Before the war Britain bought 17 percent of our exports and 42 percent of our exports went to the British Empire. Britain accounted for 27 percent of all world trade. This is evidence of the importance of Great Britain in the field of international trade and commerce. This is why we should be interested in eliminating wartime restrictions and discriminations. Shall we force Britain to continue the wartime restrictions and continue preferences to countries within the sterling bloc, or shall we enable her to abandon the restrictions in the sterling area and to abolish the so-called sterling dollar pool?

Certainly, we are interested in the kind of economic world that is now being built; not only by reason of our financial interest, but because of its importance to the peace and prosperity of our Nation, and the other nations of the world.

Shall the distressed and distracted people of the world look to Moscow for leadership, or shall we, as a great and powerful Nation, take our rightful place among the nations of the earth, and supply the leadership and assistance in redirecting their efforts in the pathways of peace. We have made a great investment in the institutions of freedom and in world peace. Are we going to break faith with our most formidable ally and our best friend and customer, and suddenly embark upon a program of economic warfare, even before the documents of peace have been written? This line of credit is not merely a commercial investment. It is far more. It is a demonstration of our faith in the British people, and, yet, it is in our own best interest.

England and America are both still dripping with blood, the priceless blood of heroes who fell upon the fields of glory and went down to watery graves, in seas made crimson by the blood of those who died on the altars of freedom. Shall we break faith with those who died in a common cause, and lose the peace for which they so gallantly fought and suffered? You know and I know that unless world trade is reestablished, the world will break to pieces, and all of the friendships which were molded in the fiery furnace of war will melt in the blazing flames of greed, as we engage in economic warfare, the like of which the world has never known before.

I urge the passage of the pending measure.

Mr. PLOESER. Mr. Chairman, I am one who believes that a working harmony with Great Britain is equally essential to both great powers—the United States and Britain.

No objection will be heard from me on the matter of extending proper credits. The United States has already done more than all other nations of the world to bolster and stabilize world trade and currencies. Undoubtedly, we will be called upon to do more.

There is a right way and a wrong way to make a loan. The right way is equally important to borrower and lender if continued friendship and international cooperation is to be vital and good.



In the case of this agreement the negotiators for the United States have done most poorly and I fear both nations will suffer as a result.

For months I have contended that some form of security—either goods or Atlantic island bases, should be posted by the borrower, Great Britain, to collateralize this extension of credit. If this is not done surely the day will arrive when the American people awoken to learn that the loan was not a loan but a gift. They will learn to their distaste for international deals that they have been misled—not by the British—but by their own American Treasury and State Departments' weak management of the financial agreement negotiations.

An amendment will be offered for collateralization. If it is adopted, I shall vote for the agreement. If the amendment fails, I shall be forced to vote "no" as a protest against faulty and weak negotiations.

All Members of this House have received many comments on this situation—many worthy comments both pro and con. Among those I have received is a most intelligent resolution by the Amvets, of Missouri, which I quote:

On July 8, 1946, the executive committee of Americans Veterans of World War II for the State of Missouri passed the following resolution:

"Be it resolved, That we are opposed to all foreign loans until a full disclosure is made by the Department of State to the American people of all foreign commitments and all applications for loans pending and a critical examination is made of the purposes for which the loans are desired and the measures to insure repayment have been more fully evaluated."

JOHN J. WOLFE,  
Commander of Missouri State Amvets.

We are asking other nations for adequate security through the Import and Export Bank. Why this exception? Import-Export Bank loans avoid congressional approval. Why this difference?

America must help the cooperative nations of the world, but America must not destroy either American resource or influence when so doing. Our resources belong not to Government but to the people. I know of no right given me, as a Member of Congress, to dissipate my Nation's Treasury; nor do I feel that I have a right to expend the Nation's credit beyond critical needs and adequate safeguards.

Mr. SPENCE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WHITTINGTON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration Senate Joint Resolution 138, to implement further the purposes of the Bretton Woods Agreement Act by authorizing the Secretary of the Treasury to carry out an agreement with the United Kingdom, and for other purposes, had come to no resolution thereon.

#### FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Gatling, its enrolling clerk, announced that the Senate further insists

upon its amendment No. 7 to the bill (H. R. 5452) entitled "An act disagreed to by the House; asks a further conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McKELLAR, Mr. McCARRAN, Mr. HAYDEN, Mr. GREEN, Mr. BAILEY, Mr. WHITE, Mr. GURNEY, and Mr. REED to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (6739) entitled "An act making appropriations for the Department of Labor, the Federal Security Agency, and related independent agencies, for the fiscal year ending June 30, 1947, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate Nos. 10, 11, 12, 13, 14, and 38½, to the foregoing bill.

The message also announced that the Senate further insists upon its amendment No. 39 to said bill, disagreed to by the House; asks a further conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McCARRAN, Mr. McKELLAR, Mr. RUSSELL, Mr. MEAD, Mr. MURDOCK, Mr. WHITE, Mr. BALL, and Mr. BRIDGES to be the conferees on the part of the Senate.

#### EXTENSION OF REMARKS

Mr. SIKES asked and was given permission to extend his remarks in the RECORD and include a radio address by Earl Godwin.

Mr. CLEMENTS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject Report on Food Shipments for Famine Relief, and to include a release from the Office of the President. I am informed by the Public Printer that this will exceed 2 pages of the RECORD and will cost \$180, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

Mr. MADDEN asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. PRIEST asked and was given permission to extend his remarks in the RECORD and include an address by the gentleman from Arkansas [Mr. HAYS].

Mr. GORE asked and was given permission to revise and extend the remarks he made in committee today.

Mr. MONRONEY asked and was given permission to extend his remarks in the RECORD and include an excerpt from a newspaper.

Mr. PITTINGER (at the request of Mr. GAMBLE) was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. HAND (at the request of Mr. CANFIELD) was given permission to extend his remarks in the RECORD.

Mr. GWYNNE of Iowa asked and was given permission to extend his remarks in the RECORD and include copy of a letter written by him to the Des Moines Register.

Mr. WHITE asked and was given permission to extend his remarks in the RECORD and to include therein certain excerpts.

Mr. AUGUST H. ANDRESEN asked and was given permission to extend the remarks he made this afternoon on the British loan and include certain extracts pertinent to the loan.

Mr. PHILLIPS. Mr. Speaker, yesterday afternoon I secured unanimous consent to extend my remarks in the RECORD on the subject Starving People and American Dollars. I am informed by the Public Printer that this will exceed two pages of the RECORD and will cost \$345, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

Mr. LANDIS asked and was given permission to extend his remarks in the RECORD.

#### REGULAR VETERANS' ASSOCIATION AN ACTIVE AND IMPORTANT FACTOR IN THE INTEREST OF ALL SERVICEMEN

Mr. McDONOUGH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. McDONOUGH. Mr. Speaker, Mr. William M. Floyd, national commander and legislative representative of the Regular Veterans' Association, one of the principal and most active veterans' organizations, called at my office recently to discuss with me the legislative and general program of his group.

Commander Floyd brought especially to my attention some pending legislation in which the Regular Veterans' Association is particularly interested. Actively supported by the organization this legislation was passed by the House several months ago and has now been in committees of the Senate for some time without action. The commander asked my cooperation in helping to expedite his legislative program before the Congress adjourns for its summer recess.

I am well acquainted with Commander Floyd personally. I am well aware of the excellent and effective work he is accomplishing for the Regular Veterans' Association in all its activities. Furthermore, I know the majority of the national officers of the organization and many of its department officers in the State of California, a number of whom reside in my district. Among them are the following very able men:

National Senior Vice Commander Frank B. Gigliotto, National Junior Vice Commander Harold L. McIntyre, National Zone Councilman John Krissa, National Sergeant at Arms Oliver K. Hillman, National Aide-de-Camp Jack D. Price, Past National Senior Vice Commander Harry Gartner, Department Commander Edgar K. Irwin, Department Senior Vice Commander E. E. Hammer, Post Commander Joseph A. Schlager, Post Commander Forrest M. Beeson, Post Commander Edwin J. Melvin, Post Com-

mander Henry McCaskie, Post Commander E. K. Irwin, Post Commander Arthur W. Yowell, Post Commander Clifford Stapp, Post Commander Frank L. Mayers, Commander Robert H. Cary, Department Officer Samuel H. Stief, Department Officer Thomas Holt, Department Officer Paul Collins, and other department and State officers.

It has also been my pleasure a short time ago to become acquainted with Sgt. Fred Snead, a totally disabled veteran of World War II. He is a fine young member of the organization who, in order to appear before the World War Veterans Committee of the House in behalf of other disabled servicemen, was flown to Washington from California. He was accompanied by his nurse, Maryhellen Hunt, who has now become Mrs. Snead.

I am well acquainted with the Regular Veterans Association. I have been fortunate in being privileged to visit a number of its fine posts, to meet the officers of these units and the ladies of their auxiliary units. It has been a real pleasure for me to know first-hand of the splendid work and achievement of the organization and its auxiliary in California and throughout the United States. It is not confined to the aiding of veterans in hospitals but is carried on in all communities where posts have been established. I am proud to have units of such an organization active in communities within my district of the great State of California.

One of the bills to which Commander Floyd invited my attention is H. R. 3908. If enacted, this legislation will increase the disability pensions of peacetime veterans from 75 to 90 percent of the rates being paid veterans of World War I and II. It will provide much needed help, in these trying times of increasing costs, to veterans of the regular establishment disabled in line of duty and whose disabilities are no less grave than those of wartime veterans with equal percentages of disability. I feel, too, that passage of the bill would do much to stimulate voluntary enlistments in the Regular services and solve most of the problems involved in compulsory military training.

Another piece of legislation brought to my attention by Commander Floyd was H. R. 1128. This is a bill to incorporate the Regular Veterans Association under a congressional charter. The House twice passed such a measure, and I had the pleasure of voting for its passage in the Seventy-ninth Congress. The bill is now before the Senate Judiciary Committee. I believe that it should be enacted into law, thereby placing the Regular Veterans Association on a par with other legitimate veterans organizations which have been chartered by Congress.

On a recent visit to the national headquarters of the Regular Veterans Association I inquired of Commander Floyd about both the general and legislative programs of the organization. I found that the last convention had mandated a heavy but thoroughly constructive program ranging from community and national service to veterans, Americanism activities and the promotion of na-

tional defense, to a broad but logical program of legislation looking to the welfare of servicemen and to national security. The work is being carried on intensively and the accomplishments of the organization are exceptional.

I then asked the commander about the benefits which the organization had been instrumental in securing for veterans and for active service personnel of the regular establishment during his 3 years in office as national commander. I was pleased to be shown a number of letters from the White House forwarding pens used by the President in signing bills which had been introduced in the Congress at the request of the Regular Veterans Association.

I take pleasure in listing here as a public service and for public information the laws which can be placed to the credit of the organization during the past 3 years:

Public Law 242, Seventy-eighth Congress—H. R. 2350—enacted March 1, 1944, "An act to liberalize the service pension laws relating to veterans of the war with Spain, the Philippine Insurrection, and the China Relief Expedition, and their dependents."

Public Law 245, Seventy-eighth Congress—H. R. 85—enacted March 3, 1944, "An act to amend the act of March 3, 1927, entitled 'An act granting pensions to certain soldiers who served in the Indian Wars from 1817 to 1898, and for other purposes.'"

Public Law 280, Seventy-eighth Congress—S. 662—enacted April 1, 1944, "An act to authorize pensions for certain physically or mentally helpless children, and for other purposes."

Public Law 409, Seventy-eighth Congress—H. R. 4466—enacted July 1, 1944, "An act to amend section 18 of the Pay Readjustment Act of 1942 to provide additional pay for personnel who are required to participate in regular and frequent glider flights."

Public Law 421, Seventy-eighth Congress—H. R. 1506—enacted September 7, 1944, "An act to amend further the Pay Readjustment Act of 1942."

Public Law 462, Seventy-eighth Congress—H. R. 5041—enacted December 6, 1944, "An act to amend the Veterans Regulations," and granting increased pension to those veterans who suffered the anatomical loss, or loss of use of, a foot, hand, or eye in the service.

Public Law 469, Seventy-eighth Congress—H. R. 4999—enacted December 7, 1944, "An act to increase the service-connected disability rates of pension for certain Regular Establishment veterans and veterans of wars prior to World War I."

Public Law 471, Seventy-eighth Congress—H. R. 86—enacted December 8, 1944, "An act to grant pensions to certain unmarried dependent widows of Civil War veterans who were married to the veteran subsequent to June 26, 1905."

Public Law 51, Seventy-ninth Congress—H. R. 1701—enacted May 4, 1945, "An act to amend section 2, Public Law 140, Seventy-seventh Congress," which provided for the discharge or retirement of enlisted men of the Regular Army and of the Philippine Scouts in certain cases.

Public Law 182, Seventy-ninth Congress—H. R. 3644—enacted September

20, 1945, "An act to amend the Veterans Regulations to provide additional rates of compensation or pension and remedy inequalities as to specific service-incurred disabilities in excess of total disability."

Public Law 190, Seventy-ninth Congress—H. R. 3951—enacted October 6, 1945, "An act to stimulate volunteer enlistments in the Regular Military and Naval Establishments of the United States."

Public Law 281, Seventy-ninth Congress—H. R. 4587—enacted December 28, 1945, "An act to provide for the appointment of additional commissioned officers in the Regular Army, and for other purposes."

Public Law 474, Seventy-ninth Congress—H. R. 6084—enacted June 29, 1946, "An act to amend the Pay Readjustment Act of 1942, as amended, so as to provide an increase in pay for personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service."

#### DEPARTMENT OF LABOR, FEDERAL SECURITY AGENCY, AND RELATED INDEPENDENT AGENCIES APPROPRIATION BILL

Mr. HARE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6739) making appropriations for the Department of Labor, the Federal Security Agency, and related independent agencies, for the fiscal year ending June 30, 1947, and for other purposes, with Senate amendments thereto, disagree to the Senate amendment No. 39 and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. HARE, TARVER, ROONEY, NEELY, ENGEL of Michigan, KEEFE, and H. CARL ANDERSEN.

#### SENATE JOINT RESOLUTION REFERRED

A joint resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. J. Res. 174. Joint resolution prohibiting the War Assets Administration from disposing of certain synthetic-rubber plants and facilities until 6 months after a national rubber program has been submitted to Congress; to the Committee on Expenditures in the Executive Departments.

#### BILL PRESENTED TO THE PRESIDENT

Mr. ROGERS of New York, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 6407. An act authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes.

#### ADJOURNMENT

Mr. SPENCE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 36 minutes p. m.), under its previous order, the House adjourned until tomorrow, July 13, 1946, at 10 o'clock a. m.



## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. JARMAN: Committee on Printing. House Resolution 698. Resolution authorizing the Committee on Un-American Activities to have printed for its use additional copies of the hearings held before said committee relative to the investigation of un-American propaganda activities in the Communist Party; without amendment (Rept. No. 2502). Referred to the House Calendar.

Mr. JARMAN: Committee on Printing. House Resolution 697. Resolution authorizing the printing as a House document the report on the international control of atomic energy, prepared by a board of consultants to the Department of State; without amendment (Rept. No. 2503). Referred to the House Calendar.

Mr. JARMAN: Committee on Printing. House Resolution 700. Resolution authorizing the printing as a House document of the proceedings of the one hundred and fifty-fifth anniversary of the independence of Poland, and providing for the printing of additional copies thereof; without amendment (Rept. No. 2504). Referred to the House Calendar.

Mr. WHITE: Committee on Coinage, Weights, and Measures. H. R. 2377. A bill to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the admission of Iowa into the Union as a State; without amendment (Rept. No. 2505). Referred to the Committee of the Whole House on the State of the Union.

Mr. WHITE: Committee on Coinage, Weights, and Measures. H. R. 6528. A bill to authorize the coinage of 50-cent pieces to commemorate the life and perpetuate the ideals and teachings of Booker T. Washington; without amendment (Rept. No. 2506). Referred to the Committee of the Whole House on the State of the Union.

Mr. FLANNAGAN: Committee on Agriculture. House Resolution 676. Resolution requesting the Secretary of Agriculture to submit information on shortage of food and feed in Massachusetts; without amendment (Rept. No. 2507). Referred to the House Calendar.

Mr. KEE: Committee on Foreign Affairs. H. R. 6967. A bill to improve, strengthen, and expand the Foreign Service of the United States and to consolidate and revise the laws relating to its administration; with amendments (Rept. No. 2508). Referred to the Committee of the Whole House on the State of the Union.

Mr. LYLE: Committee on the Post Office and Post Roads. H. R. 2000. A bill to provide for the carrying of mail on star routes, and for other purposes; with amendments (Rept. No. 2509). Referred to the Committee of the Whole House on the State of the Union.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HAVENNER:

H. R. 7016. A bill to amend Public Law 88, Seventy-ninth Congress, approved June 23, 1945; to the Committee on Banking and Currency.

By Mr. PRICE of Florida:

H. R. 7017. A bill to reenact and amend the provisions of the Emergency Price Control Act of 1942 relating to maximum rent controls; to the Committee on Banking and Currency.

By Mr. IZAC:

H. R. 7018. A bill relating to the pay and allowances of officers of the retired list of

the Regular Navy and Coast Guard performing active duty in the rank of rear admiral; to the Committee on Naval Affairs.

By Mr. MANSFIELD of Montana:

H. R. 7019. A bill to provide for the adjustment of repayment contracts, cancellation of irrigation charges, and amendment of certain provisions of the act of May 10, 1926 (44 Stat. 464), and acts amendatory thereof or supplementary thereto, and for other purposes, Flathead irrigation project, Montana; to the Committee on Irrigation and Reclamation.

By Mr. PETERSON of Florida:

H. R. 7020. A bill to provide for the acquisition by exchange of non-Federal property within the Glacier National Park; to the Committee on the Public Lands.

By Mr. RANDOLPH (by request):

H. J. Res. 380. Joint resolution to exempt officers and employees of the Bureau of Internal Revenue from the provisions of section 14 (a) of the Federal Employees Pay Act of 1946, relating to personnel ceilings; to the Committee on the Civil Service.

By Mr. SIKES:

H. Res. 702. Resolution to provide for a select committee to study and investigate prices in violation of antitrust laws; to the Committee on Rules.

By Mr. SIKES:

H. R. 703. Resolution to provide for expenses of the investigation and study authorized by House Resolution 702; to the Committee on Accounts.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLOOM:

H. R. 7021. A bill for the relief of Dr. Gisela Perl (Krausz); to the Committee on Immigration and Naturalization.

By Mr. EARTHMAN:

H. R. 7022. A bill for the relief of the city of Manchester, Tenn.; to the Committee on Claims.

By Mr. GARDNER:

H. R. 7023. A bill granting a pension to Mrs. Elsie Williams; to the Committee on Pensions.

By Mr. GIFFORD:

H. R. 7024. A bill for the relief of the estate of Manuel Santos Barros; to the Committee on Claims.

By Mr. HINSHAW:

H. R. 7025. A bill for the relief of Luther G. Rainey and Mrs. Esther Rainey; to the Committee on Claims.

By Mr. LESINSKI:

H. R. 7026. A bill for the relief of Rose Irene Archie, nee Rose Alaimo, also known as Irene Lombardo; to the Committee on Immigration and Naturalization.

By Mr. PATTERSON:

H. R. 7027. A bill for the relief of Ikumori Sakihara; to the Committee on Immigration and Naturalization.

H. R. 7028. A bill for the relief of Dora Greenbaum (Brenner); to the Committee on Immigration and Naturalization.

By Mr. PRICE of Florida:

H. R. 7029. A bill for the relief of James A. Smith; to the Committee on Claims.

## PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2085. By Mr. FULTON: Petition of James P. Murphy, secretary, Wabash Building, Pittsburgh, Pa.; to the Committee on Agriculture.

2086. By Mr. KEARNEY: Petition containing signatures of citizens of Schenectady, N. Y., calling for the abolishment of OPA rent control in the Schenectady area; to the Committee on Banking and Currency.

2087. Also, petition containing the signatures of 76 citizens of the Thirty-first Congressional District, State of New York, protesting against the enactment of any and all legislation which would reestablish further controls; to the Committee on Banking and Currency.

2088. By Mr. SMITH of Wisconsin: Resolution adopted by members of the Tavern League, of Edgerton, Wis., requesting the Federal agencies having control of the allocation of grain for alcoholic beverages to re-examine the entire program and ascertain the true economic facts with the view that brewers and distillers of America be given increased allocations which will benefit the entire country as a whole; to the Committee on Agriculture.

## SENATE

SATURDAY, JULY 13, 1946

(Legislative day of Friday, July 5, 1946)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. Ralph C. John, S. T. M., assistant minister, Foundry Methodist Church, Washington, D. C., offered the following prayer:

Eternal Spirit, our Heavenly Father, in a historical continuum whose moments are freighted with meaning for both time and eternity, we seek Thy guiding providence in the challenge of the sacred stewardship to which Thou hast summoned us. Enlighten our minds with an understanding of the foundations and the needs of life—the crowning accomplishment of Thy creative genius—and give us the will to make concrete in deed that which Thou dost cause the eye of the soul to perceive. We know no sufficiency, O God, save that which we find in Thee.

Incline Thine ear unto us in this time of supplication. Hear the petitions of our hearts as on the wings of prayer they rise to Thy throne of mercy, and make us to stand in strength because we stand unequivocally with and for Thee. In the dear Redeemer's name. Amen.

## THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, July 12, 1946, was dispensed with, and the Journal was approved.

MESSAGE FROM THE PRESIDENT—  
APPROVAL OF BILLS

A message in writing from the President of the United States was communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that the President had approved and signed the following acts:

On July 12, 1946:

S. 593. An act for the relief of Warrant Officer Wayne C. Proper; and

S. 1314. An act for the relief of Frederic P. L. Mills.

On July 13, 1946:

S. 680. An act to encourage and protect oil refineries not having their own source of supply for crude oil by extending preference to such refineries in disposing of royalty oil under the Mineral Lands Leasing Act.